DOCUMENT RESUME

ED 226 137 CE 034 923

TITLE	Hearing on Employment and Training Proposals. Hearing before the Subcommittee on Employment Opportunities of the Committee on Education and Labor, House of Representatives, Ninety-Seventh Congress, Second Session (New York, NY).
INSTITUTION	Congress of the U.S., Washington, D.C. House Committee on Education and Labor.
PUB DATE	8 Mar 82
NOTE	613p.; Parts of this document contain small type that may not reproduce well.
PUB TYPE	Legal/Legislative/Regulatory Materials (090) -- Viewpoints (120)
EDRS PRICE	MF03/PC25 Plus Postage.
DESCRIPTORS	Adolescents; Adults; *Community Programs; Disadvantaged; *Employment Programs; Federal Legislation; *Federal Programs; Hearings; Job Placement; *Job Training; Outcomes of Education; Program Effectiveness; Program Improvement; *Unemployment; Youth Employment
IDENTIFIERS	Comprehensive Employment and Training Act; Congress 97th; Proposed Legislation

ABSTRACT

This document contains a transcript of a hearing concerning the proposed Community Partnership for Employment and Training Act (H.R. 5320) and two related bills (H.R. 5461 and H.R. 5533). The transcript York, New York). Act proposes to establish a community public-private training and employment assistance system and to provide employment and training services. The act would replace the Comprehensive Employment and Training Act (CETA) legislation, which was due to expire September 30, 1982. Included in the transcript are testimony and prepared statements given by CETA program completers, community action organization spokespersons, the mayor of New York City, union representatives, youth employment and training programs staff members, and Private Industry Council representatives, among others. Although differing in perspectives according to the organizations that they represent, those testifying asked that this legislation be passed to continue the job of CETA to provide employment training and job placement to the unemployed and disadvantaged. They pointed out their programs' successes and asked for continuing aid. The speakers especially pointed to the efficacy of community-based organizations and asked that funding for their job training programs be continued. Specific proposals for program revisions and improvements were also made. (KC)

****
* Reproductions supplied by EDRS are the best that can be made *
* from the original document. *
****

ED226137

HEARING ON EMPLOYMENT AND TRAINING PROPOSALS

HEARING

BEFORE THE

SUBCOMMITTEE ON
EMPLOYMENT OPPORTUNITIES

OF THE

COMMITTEE ON EDUCATION AND LABOR
HOUSE OF REPRESENTATIVES

NINETY-SEVENTH CONGRESS

SECOND SESSION

ON

H.R. 5320

TO ESTABLISH A COMMUNITY PUBLIC-PRIVATE TRAINING AND EMPLOYMENT ASSISTANCE SYSTEM AND TO PROVIDE EMPLOYMENT AND TRAINING SERVICES, AND FOR OTHER PURPOSES

H.R. 5461

TO INCREASE THE PRODUCTIVE CAPACITY AND UTILIZATION OF THE NATION'S LABOR FORCE, AND FOR OTHER PURPOSES

H.R. 5533

TO PROVIDE FOR A JOB TRAINING PROGRAM AND FOR OTHER PURPOSES

HEARING HELD IN NEW YORK, N.Y., ON MARCH 8, 1982

Printed for the use of the Committee on Education and Labor

U.S. GOVERNMENT PRINTING OFFICE
96-499 O
WASHINGTON : 1982

U.S. DEPARTMENT OF EDUCATION
NATIONAL INSTITUTE OF EDUCATION
EDUCATIONAL RESOURCES INFORMATION
CENTER (ERIC)
✓ This document has been reproduced as received from the person or organization originating it.
Minor changes have been made to improve reproduction quality.

- Points of view or opinions stated in this document do not necessarily represent official NIE position or policy.

CE 034 923

COMMITTEE ON EDUCATION AND LABOR

CARL D. PERKINS, Kentucky, *Chairman*

AUGUSTUS F. HAWKINS, California
WILLIAM D. FORD, Michigan
PHILLIP BURTON, California
JOSEPH M. GAYDOS, Pennsylvania
WILLIAM (BILL) CLAY, Missouri
MARIO BIAGGI, New York
IKE ANDREWS, North Carolina
PAUL SIMON, Illinois
GEORGE MILLER, California
AUSTIN J. MURPHY, Pennsylvania
TED WEISS, New York
BALTASAR CORRADA, Puerto Rico
DALE E. KILDEE, Michigan
PETER A. PEYSER, New York
PAT WILLIAMS, Montana
WILLIAM R. RATCHFORD, Connecticut
RAY KOGOVSEK, Colorado
HAROLD WASHINGTON, Illinois
DENNIS E. ECKART, Ohio

JOHN M. ASHBROOK, Ohio
JOHN N. ERLENBORN, Illinois
JAMES M. JEFFORDS, Vermont
WILLIAM F. GOODLING, Pennsylvania
E. THOMAS COLEMAN, Missouri
KEN KRAMER, Colorado
ARLEN ERDAHL, Minnesota
THOMAS E. PETRI, Wisconsin
MILLICENT FENWICK, New Jersey
MARGE ROUKEMA, New Jersey
EUGENE JOHNSTON, North Carolina
LAWRENCE J. DENARDIS, Connecticut
LARRY E. CRAIG, Idaho
WENDELL BAILEY, Missouri

SUBCOMMITTEE ON EMPLOYMENT OPPORTUNITIES

AUGUSTUS F. HAWKINS, California, *Chairman*

WILLIAM (BILL) CLAY, Missouri
TED WEISS, New York
BALTASAR CORRADA, Puerto Rico
PAUL SIMON, Illinois
HAROLD WASHINGTON, Illinois
CARL D. PERKINS, Kentucky
(Ex Officio)

JAMES M. JEFFORDS, Vermont
THOMAS E. PETRI, Wisconsin
MILLICENT FENWICK, New Jersey
LAWRENCE J. DENARDIS, Connecticut
(Ex Officio)

CONTENTS

Page

Hearing held in New York, N.Y., on March 8, 1982 1
Text of H.R. 5320 2
Text of H.R. 5461 155
Text of H.R. 5533 266

Statement of—

- Brown, Roscoe, Jr., chairman, New York City Employment and Training Planning Council and president, Bronx Community College of the City University of New York 494
- Cherry, Richard, senior vice president, Neighborhood and Employment Development, New York Urban Coalition 405
- Dahm, J. Herbert, Jr., chairman, the Private Industry Council of Rockland County (New York), Inc., on behalf of the Private Industry Councils of New York, New Jersey, Puerto Rico, and the Virgin Islands, accompanied by Richard V. Hannis, chairman, Balance of State (New York) Private Industry Council; Walter W. Hislop, vice president, Community Affairs, the Howard Savings Bank, Newark, N.J.; Philip T. Pope, chairman, the Private Industry Council of Paterson, N.J.; and Efrain Santiago, chairman, the Private Industry Council of Puerto Rico... 582
- Dember, Jean Wilkins, member, New York State Community Action Board Members 609
- Farrell, Tom, director, Youth Employment Programs, Community Council of Greater New York 420
- Gonzalez, Gloria, CETA graduate, Bronx 436
- Grippeon, Timothy, New York State Employment and Training Council, on behalf of William Johnson, chairman 510
- Hodges, Virgil, deputy commissioner, New York City Department of Labor 383
- Howard, Joan, president, New York Association of CETA Administrators. 554
- Koch, Edward I., mayor, city of New York, accompanied by Ron Gault, commissioner 336
- Livingston, David, United Auto Workers, accompanied by Regina Little and Beulah Burnett 396
- Morris, Horace W., executive director, New York Urban League 402
- Nero, Frank, assistant commissioner for human resources, New Jersey Department of Labor 559
- Roberts, Lillian, industrial commissioner, New York State Department of Labor, accompanied by Charles Shattenkirk, executive deputy industrial commissioner 342
- Small, Ted, president, New York City Private Industry Council 388
- Vaughan, Roger, deputy director, Office of Development Planning, State of New York 439
- Wang, Charles, managing director, Chinatown Planning Council 403

Prepared statements, letters, supplemental material, etc.—

- Brown, Roscoe C., Jr., chairman, New York City Employment and Training Planning Council and president, Bronx Community College of the City University of New York:
  - Black Agency Executives for new employment legislation, recommendation of the 509
  - New York City ETPC recommendations on employment and training policy issues, dated February 18, 1982 505
  - Prepared statement of 497
- Cherry, Richard M., senior vice president, New York Urban Coalition, prepared statement of 410

Prepared statements, letters, supplemental material, etc.—Continued

Page
Dahm, J. Herbert, Jr., chairman, the Private Industry Council of Rockland County (New York), Inc., on behalf of the Private Industry Councils of New York, New Jersey, Puerto Rico, and the Virgin Islands, accompanied by Richard V. Hannis, chairman, Balance of State (New York) Private Industry Council; Walter W. Hislop, vice president, Community Affairs, the Howard Savings Bank, Newark, N.J.; Philip T. Pope, chairman, the Private Industry Council of Paterson, N.J.; and Efrain Santiago, chairman, the Private Industry Council of Puerto Rico, prepared statement of ... 586
Farrell, Thomas R., Community Council of Greater New York, New York, N.Y., prepared statement of ... 425
Johnson, William A., Jr., chairman, New York State Employment and Training Council:
  Prepared statement of ... 513
  "Recommendations on the Future of Employment and Training in the 80's," report entitled ... 519
Nero, Frank R., assistant commissioner for human resources, New Jersey Department of Labor, prepared statement ... 565
Roberts, Lillian, industrial commissioner, New York State Department of Labor and Charles Shattenkirk, executive deputy industrial commissioner:
  Position on legislation, summary and addenda ... 377
  Prepared statement of ... 346
Vaughan, Roger J., deputy director, Office of Development Planning, New York State, prepared statement of ... 442
Weiss, Hon. Ted, a Representative in Congress from the State of New York, opening statement of ... 333

HEARING ON EMPLOYMENT AND TRAINING PROPOSALS

MONDAY, MARCH 8, 1982

House of Representatives,
Subcommittee on Employment Opportunities,
Committee on Education and Labor,
New York, N.Y.

The committee met, pursuant to call, at 9 a.m., at the main auditorium, City University of New York Graduate Center, 33 West 42d Street, New York, N.Y.

Members present: Representatives Hawkins, Weiss, and Jeffords.

Staff present: Susan Grayson, staff director; Carole Schanzer, deputy staff director; and Beth Buehlmann, minority senior legislative associate.

Mr. Hawkins. I am pleased that the Subcommittee on Employment Opportunities is here in New York City today to begin its series of hearings on the proposed employment and training bills that have recently been introduced in the Congress. Let me say at the outset that we are here today largely because of the persistent efforts of Ted Weiss, one of the most active members of the subcommittee. Also joining us today is Congressman Jim Jeffords, the ranking minority member of the subcommittee.

As you know, the Comprehensive Employment and Training Act expires September 30 of this year. I recently introduced H.R. 5320, the Community Partnership for Employment and Training Act, to replace the expiring CETA program. H.R. 5320 builds on the existing local government structure for delivering job training, but gives a business-dominated private industry council equal voice with local elected officials in determining how Federal job training funds are spent.

We are also considering Congressman Jefford's bill, H.R. 5461, the Productivity and Human Investment Act, as well as H.R. 5533, introduced by Congressman Petri, which is identical to the Quayle-Kennedy proposal.

We are scheduled to continue our hearings on these proposals in Washington, D.C., on March 15, 16, 17, and 18, with the Senate Subcommittee on Employment and Productivity, chaired by Senator Dan Quayle. We hope to have the administration's proposal prior to that time, so that we may consider it as well. At the Washington hearings, we are scheduled to hear from more than 130 interested parties in four half days of hearings. Unfortunately, we could not accommodate every individual who wanted to testify at these hearings, but we will accept written statements for the hearing record until March 31.

[Texts of H.R. 5320, H.R. 5461, and H.R. 5533 follow:]

I

Union Calendar No. 326

97th CONGRESS
2d Session

H. R. 5320

[Report No. 97–537]

To establish a community public-private training and employment assistance system and to provide employment and training services, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

January 25, 1982

Mr. Hawkins introduced the following bill; which was referred to the Committee on Education and Labor

May 17, 1982

Additional sponsors: Mr. Perkins, Mr. Jeffords, Mr. DeNardis, Mr. Hollenbeck, Mr. Washington, Mr. Corrada, Mr. Weiss, Mr. Simon, Mr. Clay, Mrs. Chisholm, Mr. Gray, Mr. Biaggi, Mr. Stokes, Mr. Addabbo, Mr. Guarini, Mr. Fowler, Mr. Edgar, Mr. Dixon, Mr. Lantos, Mr. Brown of California, Mr. Phillip Burton, Mr. Hughes, Mr. Ottinger, Mr. Bonker, Mr. Seiberling, Mr. Traxler, Mr. Patterson, Mr. Miller of California, Mr. Fary, Mr. Solarz, Mr. Frost, Mr. Albosta, Mr. de Lugo, Mr. Bingham, Mr. Hertel, Mr. Beilenson, Mr. Nowak, Mr. Sunia, Mr. Danielson, Mr. Rodino, Mr. Fauntroy, Mr. Kildee, Mr. Murtha, Mr. Dymally, Mr. Ford of Michigan, Mr. Crockett, Mr. Rahall, Mr. Schumer, Mrs. Collins of Illinois, Mr. Richmond, Mr. Edwards of California, Mr. Dellums, Mr. Leland, Mr. Kogovsek, Mr. Lowry of Washington, Mr. Coelho, Mr. Matsui, Mr. Bennett, Mr. Roe, Mr. Murphy, Mr. Stark, Mr. Annunzio, Mr. Garcia, Mrs. Schroeder, Mr. Roybal, Mr. Waxman, Mr. Sabo, Mr. Bonior of Michigan, Mr. Rangel, Mr. Downey, Ms. Mikulski, Mr. Pepper, Mr. Forsythe, Mr. Fazio, Mr. Davis, Mr. Dwyer, Mr. Evans of Georgia, Mr. Mineta, Ms. Oakar, Mr. Savage, Mr. Vento, Mr. Pursell, and Mr. Wolpe

May 17, 1982

Reported with an amendment, committed to the Committee of the Whole House on the State of the Union, and ordered to be printed

[Strike out all after the enacting clause and insert the part printed in italic]

[For text of introduced bill, see copy of bill as introduced on January 25, 1982]

A BILL

To establish a community public-private training and employment assistance system and to provide employment and training services, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SHORT TITLE; TABLE OF CONTENTS

SECTION 1. This Act may be cited as the "Job Training Partnership Act".

TABLE OF CONTENTS

Sec. 1. Short title; table of contents.
Sec. 2. Purposes.
Sec. 3. Authorization of appropriations.
Sec. 4. Definitions.

TITLE I—JOB TRAINING AND EMPLOYMENT ASSISTANCE SYSTEM

PART A—COMMUNITY PUBLIC-PRIVATE PARTNERSHIP SYSTEM

Sec. 101. Prime sponsors.
Sec. 102. Private industry councils.
Sec. 103. Performance standards.
Sec. 104. Community job training plans.
Sec. 105. Review of plans.

PART B—STATE RESPONSIBILITIES

Sec. 111. Governor's coordination and special services plan.
Sec. 112. State employment and training coordinating councils.
Sec. 113. Coordination with State education and training agencies.
Sec. 114. State incentive grants.
Sec. 115. State labor market information programs.
Sec. 116. Interstate agreements.

PART C—GENERAL REQUIREMENTS

Sec. 121. General program requirements.
Sec. 122. Wages, benefits, and allowances.

Sec. 123. Labor standards.
Sec. 124. Allocation of funds.
Sec. 125. Availability of funds.
Sec. 126. Reporting requirements.
Sec. 127. Records, audits, and investigations.
Sec. 128. Complaints and sanctions.
Sec. 129. Judicial review.
Sec. 130. Services and property.
Sec. 131. Utilization of services and facilities.
Sec. 132. Prohibition against Federal control of education.
Sec. 133. Schedules for submission of plans.

TITLE II—EMPLOYMENT AND TRAINING SERVICES FOR THE DISADVANTAGED

PART A—GENERAL PROVISIONS

Sec. 200. Statement of purpose.
Sec. 201. Allocation of funds.
Sec. 202. Eligibility for services.
Sec. 203. Division of funds.

PART B—ADULT TRAINING PROGRAMS

Sec. 231. Eligibility for adult programs.
Sec. 232. Use of funds.
Sec. 233. Customized training requirement.

PART C—YOUTH PREPARATORY PROGRAMS

Sec. 261. Eligibility for youth preparatory programs.
Sec. 262. Participation in part B programs.
Sec. 263. Education for employment.
Sec. 264. Preemployment skills training.
Sec. 265. Entry employment experience.
Sec. 266. School-to-work transition assistance.
Sec. 267. Summer youth employment programs.
Sec. 268. Education standards.

TITLE III—EMPLOYMENT AND TRAINING ASSISTANCE FOR DISPLACED WORKERS

Sec. 301. Purpose.
Sec. 302. Allocation of funds.
Sec. 303. Matching requirement.
Sec. 304. State displaced worker plans; coordination with other programs.
Sec. 305. Prime sponsor review.
Sec. 306. Consultation with labor organizations.
Sec. 307. Authorized activities.
Sec. 308. Eligible participants.

TITLE IV—NATIONAL EMPLOYMENT AND TRAINING PROGRAMS

PART A—EMPLOYMENT AND TRAINING PROGRAMS FOR NATIVE AMERICANS AND MIGRANT AND SEASONAL FARMWORKERS

Sec. 401. Native American programs.
Sec. 402. Migrant and seasonal farmworker programs.

Part B—Job Corps

Sec. 421. Statement of purpose.
Sec. 422. Establishment of the Job Corps.
Sec. 423. Individuals eligible for the Job Corps.
Sec. 424. Screening and selection of applicants: general provisions.
Sec. 425. Screening and selection: special limitations.
Sec. 426. Enrollment and assignment.
Sec. 427. Job Corps centers.
Sec. 428. Program activities.
Sec. 429. Allowances and support.
Sec. 430. Standards of conduct.
Sec. 431. Community participation.
Sec. 432. Counseling and job placement.
Sec. 433. Experimental and developmental projects and coordination with other programs.
Sec. 434. Advisory boards and committees.
Sec. 435. Participation of the States.
Sec. 436. Application of provisions of Federal law.
Sec. 437. Special provisions.
Sec. 438. General provisions.
Sec. 439. Donations.

Part C—National Programs and Activities

Sec. 441. Multistate programs.
Sec. 442. Research, demonstration, and evaluation.
Sec. 443. Training and technical assistance.
Sec. 444. Office of management assistance.
Sec. 445. Veterans' employment.

Part D—Labor Market Information

Sec. 451. Purpose; availability of funds.
Sec. 452. Cooperative labor market information program.
Sec. 453. Federal responsibilities.
Sec. 454. National Occupational Information Coordinating Committee.
Sec. 455. Job bank program.

Part E—National Commission on Employment and Productivity

Sec. 461. Statement of purpose.
Sec. 462. Commission established.
Sec. 463. Functions of the Commission.
Sec. 464. Administrative provisions.
Sec. 465. Reports.

TITLE V—AMENDMENTS TO OTHER LAWS

Sec. 501. Wagner-Peyser Act amendments.
Sec. 502. Amendments to part C of title IV of the Social Security Act.
Sec. 503. Repeal; transition provisions.

PURPOSES

SEC. 2. The purposes of this Act are (1) to increase the productive capacity and utilization of the Nation's labor force by improving the match between the skills of the labor force and the needs of the economy and preparing youth and unskilled adults for entry into the labor force, and (2) to enhance the job skills of unemployed and underemployed individuals, including dislocated workers. It is further the purpose of this Act to establish a community-based employment and training system built on a partnership between State and local governments and the private sector.

AUTHORIZATION OF APPROPRIATIONS

SEC. 3. There are authorized to be appropriated—

(1) to carry out title II of this Act, $3,500,000,000 for fiscal year 1983, and such sums as may be necessary for each succeeding fiscal year;

(2) to carry out title III of this Act, $1,000,000,000 for fiscal year 1983, and such sums as may be necessary for each succeeding fiscal year;

(3) to carry out parts A, C, and E of title IV of this Act, $230,000,000 for fiscal year 1983, and such sums as may be necessary for each succeeding fiscal year;

(4) to carry out part B of title IV of this Act, $650,000,000 for fiscal year 1983, and such sums as may be necessary for each succeeding fiscal year; and

(5) to carry out part D of title IV of this Act, $20,000,000 for fiscal year 1983, and such sums as may be necessary for each succeeding fiscal year.

DEFINITIONS

SEC. 4. For the purposes of this Act, the following definitions apply:

(1) The term "academic credit" means credit for education, training, or work experience applicable toward a secondary school diploma, a postsecondary degree, or an accredited certificate of completion, consistent with applicable State law and regulation and the requirements of an accredited educational agency or institution in a State.

(2) The term "area of substantial unemployment" means any area of sufficient size and scope to sustain activities under this Act and which has an average rate of unemployment of at least 6.5 percent for the most recent calendar year as determined by the Secretary. Determinations of areas of substantial unemployment shall be made once each fiscal year.

(3) The term "community-based organizations" means private nonprofit organizations which are repre-

sentative of communities or significant segments of communities and which provide employment and training services.

(4) The term "designated enterprise zone" means an area of pervasive poverty, unemployment, and general distress designated for special treatment under Federal law.

(5) The term "economic development organizations and agencies" includes local planning and zoning commissions or boards, community development agencies, and other local agencies and institutions responsible for regulating, promoting, or assisting in local economic development.

(6) The term "economically disadvantaged" means an individual who (A) receives, or is a member of a family which receives, cash welfare payments under a Federal, State, or local welfare program; (B) has, or is a member of a family which has, received a total family income during the six-month period prior to application for the program involved which would have qualified such individual or family for cash welfare payments, subject to regulations of the Secretary; (C) has, or is a member of a family which has, received a total family income for the six-month period prior to application for the program involved (exclusive

of unemployment compensation and welfare payments) which, in relation to family size, was not in excess of the higher of (i) the poverty level determined in accordance with criteria established by the Director of the Office of Management and Budget, or (ii) 70 percent of the lower living standard income level; (D) is a foster child on behalf of whom State or local government payments are made; or (E) in cases permitted by regulations of the Secretary, is a handicapped individual who individually meets the requirements of clause (A), (B), or (C), but who is a member of a family which does not meet such requirements.

(7) The term "Federal employment-related programs" includes any federally-assisted program which provides employment assistance, vocational education, rehabilitation, community development, economic development, or other services to assist individuals to obtain and retain employment.

(8) The term "Governor" means the chief executive of any State.

(9) The term "handicapped individual" means any individual who has a physical or mental disability which for such individual constitutes or results in a substantial handicap to employment.

(10) The term "Hawaiian native" means any individual any of whose ancestors were natives, prior to 1778, of the area which now comprises the State of Hawaii.

(11) The terms "institutions of higher education" means those institutions defined as institutions of higher education in section 1201(a) of the Higher Education Act of 1965.

(12) The term "labor market area" means an economically integrated geographic area within which individuals can reside and find employment within a reasonable distance or can readily change employment without changing their place of residence, and identified in accordance with criteria used by the Bureau of Labor Statistics of the Department of Labor in defining such areas.

(13) The term "local educational agency" means such an agency as defined in section 195(10) of the Vocational Education Act of 1963.

(14) The term "low-income level" means $7,000 with respect to income in 1969, and for any later year means that amount which bears the same relationship to $7,000 as the Consumer Price Index for that year bears to the Consumer Price Index for 1969, rounded to the nearest $1,000.

(15) The term "lower living standard income level" means that income level (adjusted for regional, metropolitan, urban, and rural differences and family size) determined annually by the Secretary based on the most recent "lower living family budget" issued by the Secretary.

(16) The term "postsecondary institutions" means those institutions defined as institutions of higher education in section 481(a)(1) of the Higher Education Act of 1965.

(17) The term "public assistance" means Federal, State, or local government cash payments for which eligibility is determined by a need or income test.

(18) The term "Secretary" means the Secretary of Labor.

(19) The term "State" includes the several States, the District of Columbia, the Commonwealth of Puerto Rico, the Virgin Islands, Guam, the Northern Mariana Islands, American Samoa, and the Trust Territory of the Pacific Islands.

(20) The term "State educational agency" means such an agency as defined in section 195(11) of the Vocational Education Act of 1963.

(21) The term "unemployed individuals" means individuals who are without jobs and who want and

are available for work, as determined in accordance with criteria used by the Bureau of Labor Statistics of the Department of Labor in defining individuals as unemployed, but such criteria shall not be applied differently on account of an individual's previous employment.

(22) The term "unit of general local government" means any general purpose political subdivision of a State which has the power to levy taxes and spend funds, as well as general corporate and police powers.

(23)(A) The term "veteran" means an individual who served in the active military, naval, or air service, and who was discharged or released therefrom under conditions other than dishonorable.

(B) The term "disabled veteran" means (i) a veteran who is entitled to compensation under laws administered by the Veterans' Administration, or (ii) an individual who was discharged or released from active duty because of service-connected disability.

(24) The term "vocational education" has the meaning provided in section 195(1) of the Vocational Education Act of 1963.

TITLE I—JOB TRAINING AND EMPLOYMENT ASSISTANCE SYSTEM

PART A—COMMUNITY PUBLIC-PRIVATE PARTNERSHIP SYSTEM

PRIME SPONSORS

SEC. 101. (a) A prime sponsor under this Act shall be—

(1) a State;

(2) any unit of general local government which has a population of 150,000 or more individuals on the basis of the most satisfactory current data available to the Secretary;

(3)(A) any consortium of units of general local government which includes any unit of general local government qualifying under paragraph (2); or

(B) any consortium of units of general local government which has an aggregate population of 150,000 or more individuals and which includes any unit of general local government which was previously designated as a prime sponsor under the Comprehensive Employment and Training Act;

(4) any unit of general local government or any consortium of such units, without regard to population, which can demonstrate, to the satisfaction of the Secretary, that (A) it serves a substantial portion of a labor

market area within the State in which such unit or consortium is located, and (B) that no other eligible unit of general local government has submitted an approvable plan for serving a substantial portion of such labor market area;

(5) in order to provide for an orderly transition, for fiscal years 1983 through 1988, any unit or consortium of units of general local government without regard to paragraphs (2), (3), and (4) (but subject to subsection (f)), which was previously designated as a prime sponsor under the Comprehensive Employment and Training Act; and

(6) any existing concentrated employment program grantee for a rural area which served such area under the Comprehensive Employment and Training Act.

(b) Any prime sponsor which is a consortium as described in paragraph (3)(A) or (4) of subsection (a) and which serves a substantial portion of a labor market area within the State in which such prime sponsor is located shall be eligible to receive bonus payments under section 201(f).

(c)(1)(A) A State may qualify as a prime sponsor for any geographic area which is not within the jurisdiction of any prime sponsor which is a unit of general local govern-

ment, a consortium of such units, or a concentrated employment program.

(B) The Governor of any State which qualifies as a prime sponsor under subparagraph (A) shall designate one or more service delivery areas within the area served by the State (as a prime sponsor), in consultation with units of general local government within each such area, and shall establish a private industry council for each such area pursuant to the requirements of section 102.

(2) A larger unit of general local government shall not qualify as a prime sponsor with respect to the jurisdiction within its area of any smaller unit of general local government which is or is part of a prime sponsor that has submitted an approvable plan for such area.

(d) An applicant shall, not later than such date as the Secretary shall prescribe, submit to the Secretary a notice of intent to be a prime sponsor under this Act for a two-year period. The Secretary shall designate as a prime sponsor any applicant submitting such a notice unless the Secretary determines that such applicant does not qualify under this section.

(e) In any area for which no prime sponsor has been designated, the Secretary may designate the State or other alternate prime sponsor in the State to develop a plan for that area.

(f) Notwithstanding paragraph (5) of subsection (a), if two or more previously designated prime sponsors are eligible to be designated under such paragraph but are located in a single labor market area within the same State, then such prime sponsors shall not be designated for purposes of this Act unless such prime sponsors establish a joint private industry council. Such joint council shall serve an area which has a population of at least 150,000 individuals or which comprises a substantial portion of such labor market area. The joint private industry council shall be appointed in accordance with section 102(b), except that each prime sponsor shall be entitled to proportionate representation on the council on the basis of population. Nothing in this subsection shall be construed to preclude two or more prime sponsors located in a single labor market area which are not required to establish a joint private industry council from establishing such a council.

PRIVATE INDUSTRY COUNCILS

SEC. 102. (a)(1) A private industry council shall be established with joint responsibility with the prime sponsor for the planning of activities under this Act. A prime sponsor may designate a private industry council which served the same prime sponsor area under title VII of the Comprehensive Employment and Training Act to serve as the private industry council for purposes of this Act.

(2) No funds available under this Act shall be provided by the prime sponsor for any activity which does not have the approval of both the prime sponsor and the private industry council.

(b)(1) A majority of the members of the council shall be representatives of business and industry in the area served by the prime sponsor, one of whom shall be designated as the initial chairman or chairwoman of the private industry council. Private industry representatives shall be appointed from among individuals recommended by local business organizations operating within the area served by that prime sponsor and, whenever possible, at least one-half of such business and industry representatives shall be representatives of small business (including minority business). The remaining members shall be representatives of labor, education (representative of secondary, postsecondary, and vocational education agencies and institutions), rehabilitation, community-based organizations, the employment service, and economic development organizations and agencies. Members shall be appointed by the prime sponsor from among individuals recommended by appropriate organizations and agencies.

(2) In making appointments to the Council, the prime sponsor shall ensure that the membership of the Council reasonably represents the population of the area served by that prime sponsor.

(3) Members shall be appointed for fixed terms and shall serve until their successors are appointed. The prime sponsor may not dissolve the council or remove any member of the council, except for cause in accordance with regulations of the Secretary. Vacancies in the membership of the council shall be filled in the same manner as the original appointments.

(4) For purposes of this subsection, the term "small business" means private, for-profit enterprises employing 500 or fewer employees.

(c) Subject to subsection (a)(2), each prime sponsor shall make funds available, out of administrative costs allowable under section 121(p), to enable each private industry council to hire professional, technical, and clerical staff to assist in carrying out its responsibilities under subsection (a) of this section (if any funds for such purpose are desired by such council).

(d) In organizing and making appointments to a private industry council established for purposes of this Act, a prime sponsor shall ensure that such council is eligible to be designated as a planning council for any other employment and training programs operated within designated enterprise zones.

PERFORMANCE STANDARDS

Sec. 103. (a) Within six months after the date of enactment of this Act, the Secretary shall—

(1) establish national performance criteria on the basis of appropriate factors which shall include (A) placement in unsubsidized employment, (B) retention in unsubsidized employment, (C) the increase in earnings, including hourly wages, and (D) reduction in income support costs; and

(2) designate factors for evaluating the performance of youth programs which, in addition to appropriate utilization of the factors described in paragraph (1), shall be (A) attainment of employability competencies, (B) elementary, secondary, and postsecondary school completion, or the equivalent thereof, and (C) enrollment in other training programs or apprenticeships, or enlistment in the military.

(b)(1) The Secretary shall determine the adequacy of each prime sponsor's proposed performance goals on the basis of minimum performance standards designed to measure outcomes. Such minimum performance standards shall be based on the national performance criteria established under subsection (a), appropriately weighting and varying the factors in such criteria to recognize local conditions and the nature of

employment barriers encountered by the eligible population to be served.

(2) The Secretary may modify the applicability of any standard prescribed under paragraph (1) for any prime sponsor which demonstrates exceptional local economic hardship and may approve a plan submitted under section 104 which contains performance goals which are less stringent than the standard prescribed under paragraph (1), if such less stringent goals are the best reasonably attainable goals for that prime sponsor given the local economic conditions, the characteristics of the population to be served, and the type of services to be provided.

(c) If the Secretary finds on the basis of reports submitted by the prime sponsor under section 126 that a prime sponsor is substantially failing to attain one or more of the performance goals contained in the plan approved for that prime sponsor, the Secretary shall—

(1) so notify the prime sponsor and the private industry council;

(2) provide technical assistance to the prime sponsor and the private industry council to assist in attaining those goals; and

(3) in case of ongoing failure to attain those goals during two consecutive years, after notice and opportunity for a hearing to the prime sponsor concerned, des-

ignate the State or other alternate prime sponsor to prepare a plan for the area served by the unsuccessful prime sponsor for the succeeding years and terminate the provision of funds under this Act to that unsuccessful prime sponsor.

(d) If the Secretary determines that a prime sponsor has demonstrated that it has corrected the causes of a failure which led to a termination of funding under subsection (c)(3), the Secretary may designate that prime sponsor to prepare a plan for a two-year period after an alternate prime sponsor has served the respective area.

COMMUNITY JOB TRAINING PLANS

SEC. 104. (a)(1) No funds shall be provided to any prime sponsor under this Act for any fiscal year except pursuant to a biennial community job training plan which—

(A) meets the requirements of this title;

(B) is developed with the participation of, and submitted with the approval of a majority of, the private industry council for that prime sponsor; and

(C) is approved by the Secretary.

(2) If a prime sponsor and private industry council fail to concur on the submission of a plan for any period and the Secretary is unable to resolve the disagreement, or the plan submitted is not approved by the Secretary and no other approvable plan is submitted by the prime sponsor, the Secre-

tary may designate the State or other alternate prime sponsor in the State to develop a plan for the area normally served by that prime sponsor. Any such plan submitted by the State or other alternate prime sponsor shall be developed with the participation of, and submitted with the approval of a majority of, the private industry council for that alternate prime sponsor. In the event that no alternate prime sponsor is able or willing to submit such a plan, the Secretary may develop a plan directly or through an appropriate public or private nonprofit agency or organization for that area.

(3) If changes in labor market conditions, funding, or other factors require substantial deviation from an approved biennial plan, the prime sponsor, with the concurrence of the private industry council, shall submit a modification of such plan, which shall be subject to review in accordance with section 105.

(b) Each plan submitted under this section shall include—

(1) a designation of the entity to administer, but not to deliver, programs and services under this Act in the prime sponsor area, which—

(A) may be constituted as a nonprofit corporation, with administrative and planning staff hired as employees of the corporation; or

(B) may utilize government employees as administrative and planning staff;

(2) a description of the activities to be conducted with funds made available under this Act, which shall set forth—

(A) a labor market analysis, containing projections of the availability of employment and training, and the potential for growth, in various public and private labor market sectors in the prime sponsor area, including sectors with current high growth rates;

(B) an analysis of the demographic characteristics of the eligible population in the area, an identification of the groups targeted for service among the eligible population, and the methods for determining priority for service among such population;

(C) a description of the procedures for selection of participants;

(D) a description of the training and employment services to be provided, including the duration of service, estimated cost per participant, wages and benefits, stipends, or allowances to be provided, and supportive services;

(E) a statement of the methods of selection and criteria for selection of service providers, which shall include proper consideration of community-based organizations as subgrantees or subcontractors for the provision of such services;

(F) a description of the arrangements for the active involvement of State and local educational agencies (including vocational education), public assistance agencies, rehabilitation agencies, economic development organizations and agencies, the employment service, and other appropriate employment-related programs and agencies in the delivery of services;

(G) a detailed description of recordkeeping procedures for the expenditure of funds and procedures for monitoring and auditing any subgrantees or subcontractors;

(H) a description of the allocation and use of any funds which will be retained from funds for one fiscal year for use in the succeeding fiscal year; and

(I) a description of procedures which will be used to consider previously funded community-based organizations, education agencies, and other deliverers of services which were both cost-effective

and of demonstrated success, and which otherwise meet criteria under this Act, in the delivery of programs and activities conducted under this Act;

(3) performance goals established by the prime sponsor which (A) meet or exceed the performance standards applicable to the prime sponsor as established by the Secretary under section 103 (as modified in accordance with subsection (b)(2) of such section), and (B) are the best reasonably attainable goals for that prime sponsor given the local economic conditions, the characteristics of the population to be served, and the type of services to be provided;

(4) assurances by the prime sponsor that it will comply with all the requirements contained in part C of this title, and with the other provisions of this Act and of State law which are applicable to the activities being conducted;

(5) a description of methods of coordinating programs under this Act with other Federal, State, and local employment-related programs, including any procedures which may be adopted to provide for uniform intake or other administrative forms to be used for programs under this Act in conjunction with such other employment-related programs; and

(6) in the case of any prime sponsor establishing a joint private industry council under section 101(f), a description of any arrangements made with other prime sponsors served by the same joint private industry council to conduct a single labor market analysis in accordance with paragraph (2)(A), to establish procedures in accordance with section 121(g) to serve eligible participants from the other member prime sponsor areas, and otherwise to carry out programs and activities under this Act.

REVIEW OF PLANS

SEC. 105. (a) Each prime sponsor shall, at least 90 days before submitting its biennial community job training plan to the Secretary—

(1) transmit such plan to the private industry council for that prime sponsor for purposes of review, comment, revision, and approval;

(2) make such plan available for review and comment to—

(A) each house of the State legislature for appropriate referral;

(B) appropriate units of general local government and appropriate local educational agencies in the prime sponsor area; and

(C) labor organizations in the area which represent employees having the skills in which training is proposed; and

(3) make such plan reasonably available to the general public through such means as public hearings and local news facilities.

(b)(1) Prior to submission of the plan to the Secretary—

(A) such plan shall be transmitted to the State employment and training coordinating council, which shall certify the plan, if it determines that the plan is consistent with the criteria under the Governor's coordination and special services plan for coordination of activities under this Act with Federal, State, and local employment-related programs; and

(B) such plan shall be returned to the prime sponsor for a period of 30 days for it to consider the council's recommendations for modifying the plan, if the State employment and training coordinating council fails to certify the plan as provided by subparagraph (A).

(2) The recommendations of the State employment and training coordinating council shall accompany the plan as submitted to the Secretary, and the Governor of the State

shall be afforded the opportunity to submit to the Secretary proposed modifications of the plan.

(c)(1) The Secretary shall review each community job training plan to determine whether it meets the requirements of this Act and has been approved by the private industry council for that prime sponsor, and whether the performance goals established in such plan comply with section 103 and are adequate and reasonable with respect to local economic conditions and the purposes of the plan.

(2) In determining whether to approve a plan, the Secretary shall take into account the recommendations of the State employment and training coordinating council, and any proposed modifications to such plan submitted by the Governor, concerning the community job training plan's consistency with criteria established under section 111(b)(1) for coordination of activities under this Act with Federal, State, and local employment-related programs. If the Secretary does not accept such recommendations or proposed modifications, the Secretary shall, within 30 days, notify the Governor in writing of such decision and of the reasons therefor.

(3) The Secretary may disapprove all or any portion of the plan if the Secretary determines that the use of funds for a particular subcontract or subgrant provided within any portion of the plan would be grossly inefficient or materially fail to carry out the purposes of this Act, but the Secretary

shall not disapprove all or any portion of the plan solely on the basis of the type or duration of training proposed.

(d) The Secretary shall disapprove any plan that does not fully satisfy the review under subsection (c), after a reasonable opportunity, but not less than thirty days, has been given to the prime sponsor to remedy any defect found in the plan and the prime sponsor has failed to do so. Whenever the Secretary disapproves a plan, a notice of disapproval shall be transmitted to the prime sponsor, the private industry council for that prime sponsor, and the Governor, accompanied by a statement of reasons for the disapproval. The Secretary shall not disapprove a plan without first affording an opportunity for a hearing to the prime sponsor.

PART B—STATE RESPONSIBILITIES

GOVERNOR'S COORDINATION AND SPECIAL SERVICES PLAN

SEC. 111. (a) Any State seeking financial assistance under this Act shall submit a biennial Governor's coordination and special services plan to the Secretary describing the use of all resources provided to the State and its prime sponsor areas under this Act, evaluating the experience over the preceding two years, and setting policy and program goals for the succeeding two years.

(b)(1) The plan shall establish criteria for coordinating activities under this Act with programs and services provided

by State and local education and training agencies (including vocational education agencies), public assistance agencies, the employment service, rehabilitation agencies, postsecondary institutions, economic development organizations and agencies, and such other agencies as the Governor determines to have a direct interest in employment and training and human resource utilization within the State.

(2) The plan shall describe the projected use of resources, including oversight and support activities, priorities and criteria for State incentive grants, and performance goals for State supported programs.

(3) If major changes occur in labor market conditions, funding, or other factors during the two-year period covered by the plan, the State shall submit a modification to the Secretary describing these changes.

(c) Governor's coordination and special services activities shall include the following.

(1) making available to prime sponsors and private industry councils, with or without reimbursement and upon request, appropriate information and technical assistance to assist them in developing and implementing their programs;

(2) carrying out special model training and employment programs and related services (including pro-

grams receiving financial assistance from private sources);

(3) provide training and employment programs and related services to meet the needs of special population groups within the State, such as offenders and ex-offenders;

(4) providing financial assistance for special programs and services designed to meet the needs of rural areas outside major labor market areas;

(5) fostering the activities of the State occupational information coordinating committee established pursuant to section 161(b)(2) of the Vocational Education Act of 1963;

(6) industrywide training;

(7) activities under title III of this Act;

(8) developing and providing to prime sponsors information on a State and local area basis regarding economic, industrial, and labor market conditions;

(9) providing preservice and inservice training for planning, management, and delivery staffs of local prime sponsors and private industry councils, as well as contractors for State supported programs; and

(10) providing statewide programs which provide for joint funding of activities under this Act with serv-

ices and activities under other Federal, State, or local employment-related programs.

(d) A Governor's coordination and special services plan shall be approved by the Secretary only if the Secretary determines that the plan satisfactorily complies with subsections (b) and (c).

STATE EMPLOYMENT AND TRAINING COORDINATING COUNCIL

SEC. 112. (a)(1) Any State which desires to receive financial assistance under this Act shall establish a State employment and training coordinating council (hereinafter in this section referred to as the "council"). Funding for the council shall be provided pursuant to section 201(b).

(2) The council shall be appointed by the Governor, who shall designate one public member thereof to be chairperson. In making appointments to the Council, the Governor shall ensure that the membership of the Council reasonably represents the population of the State.

(3) The council shall be composed as follows:

(A) one-fourth of the members shall be representatives of business and industry (including agriculture, where appropriate) in the State, including individuals who are representatives of business and industry on private industry councils in the State;

(B) one-fourth of the members shall be representatives of the State legislature and of employment- and training-related agencies and programs in the State, including the State educational agency, the State vocational education board, the State advisory council on vocational education [illegible] State board of education (when not otherwise [illegible]sented), State public assistance agencies, the State employment security agency, the State rehabilitation agency, the State occupational information coordinating committee, State postsecondary institutions, the State economic development agency, State veterans' affairs agencies or equivalent, and such other agencies as the Governor determines to have a direct interest in employment and training and human resource utilization within the State;

(C) one-fourth of the members shall be representatives of the units or consortia of units of general local government in such State (including those which are prime sponsors) which shall be nominated by the chief executive officers of the units or consortia of units of general local government; and

(D) one-fourth of the members shall be representatives of the eligible population and of the general public, representatives of organized labor, representatives of community-based organizations, and repre-

sentatives of local educational agencies (nominated by local educational agencies).

(4) The council shall meet at such times (but at least five times each year) and in such places as it deems necessary. The meetings shall be publicly announced, and, to the extent appropriate, open and accessible to the general public.

(5) The council is authorized to obtain the services of such professional, technical, and clerical personnel as may be necessary to carry out its functions under this Act.

(6) In order to assure objective management and oversight, the council shall not operate programs or provide services directly to eligible participants, but shall exist solely to plan, coordinate, and monitor the provision of such programs and services.

(7) The plans and decisions of the council shall be subject to approval by the Governor.

(8) For purposes of section 105 of the Vocational Education Act of 1963, the council shall be considered to be the same as either the State Manpower Services Council referred to in that section or the State Employment and Training Council authorized under the Comprehensive Employment and Training Act.

(b) The council shall—

(1) develop the Governor's coordination and special services plan to be submitted, with the approval of the Governor, to the Secretary;

(2) review community job training plans and certify the consistency of such plans with criteria under the Governor's coordination and special services plan for coordination of activities under this Act with other Federal, State, and local employment-related programs, including programs operated in designated enterprise zones;

(3) review continuously the operation of programs conducted by each prime sponsor, and the availability, responsiveness, and adequacy of State services, and make recommendations to the Secretary, to the prime sponsors and private industry councils, to agencies providing employment and training services, to the Governor, to the State legislature, and to the general public with respect to ways to improve the effectiveness of such programs or services;

(4) review the community job training plans, especially with respect to nonutilization or duplication of existing services;

(5) make an annual report to the Governor which shall be a public document, and issue such other studies, reports, or documents as it deems advisable to

assist prime sponsors or otherwise to assist in carrying out the purposes of this Act;

(6)(A) identify, in coordination with the appropriate State agencies, the employment and training and vocational education needs throughout the State and assess the extent to which employment and training, vocational education, rehabilitation services, public assistance, economic development, and other Federal, State, and local programs and services represent a consistent, integrated, and coordinated approach to meeting such needs; and

(B) comment at least once annually on the reports required pursuant to section 105(d)(3) of the Vocational Education Act of 1963; and

(7) review plans of all State agencies providing employment, training, and related services, and provide comments and recommendations to the Governor, the State legislature, the State agencies, and the appropriate Federal agencies on the relevancy and effectiveness of employment and training and related service delivery systems in the State.

(c) In addition to the functions described in subsection (b), the Governor may, to the extent permitted by applicable law, transfer functions which are related to functions under this Act to the council established under this section from the

State advisory council under the Act of June 6, 1933 (the Wagner-Peyser Act), and any State coordinating committee for the work incentive program under title IV of the Social Security Act.

COORDINATION WITH STATE EDUCATION AND TRAINING AGENCIES

SEC. 113. (a) An amount equal to 20 percent of the sums available for purposes of section 201(b) shall be utilized for the purpose of facilitating coordination among State education and training agencies and prime sponsors under this section.

(b) In order to ensure effective coordination among employment-related education and training programs in the State, the Governor shall provide financial assistance to the appropriate State education agency or agencies responsible for education and training to facilitate coordination of services for eligible participants through cooperative agreements between such State agencies and prime sponsors. Such assistance may include—

(1) technical and financial assistance to vocational education institutions and local educational agencies to aid them in making cooperative arrangements with appropriate prime sponsors, private employers, and community-based organizations;

(2) provision to prime sponsors of information, curriculum materials, and technical assistance in curriculum development and staff development; and

(3) other appropriate assistance to develop and sustain the capacity to provide community-based employment and training programs for economically disadvantaged individuals.

STATE INCENTIVE GRANTS

SEC. 114. (a)(1) The sums reserved under section 201(d) for use under this section shall be made available by the Governor to the State education agency or agencies responsible for education and training for incentive grants to improve vocational services to individuals eligible under this Act in areas served by prime sponsors, in accordance with agreements for the use of such grant funds between such State agency or agencies and the prime sponsor, and (where appropriate) local educational agencies. Such agreements shall provide for the contribution by the State agency or agencies, and the local educational agency (if any), of a total amount equal to the amount provided in such incentive grant. Such matching amount shall not be provided from funds available under this Act, but may include the direct cost of employment or training services provided by State or local programs.

(2) Funds available under this section may be used to provide vocational education and related services to participants under this Act.

(b) If no joint agreement is reached on the use of funds under this section, the funds shall be available to the Governor for use in accordance with section 111.

STATE LABOR MARKET INFORMATION PROGRAMS

SEC. 115. (a) In order to be eligible for Federal financial assistance for State labor market information programs under this Act from funds made available under section 451(b), the Governor shall designate an organizational unit which shall be responsible for oversight and management of a statewide comprehensive labor market and occupational supply and demand information system and which shall—

(1) design a comprehensive cost-efficient labor market and occupational supply and demand information system which—

(A) is responsive to the economic demand and educational training supply support needs of the State and areas within the State, and

(B) meets the Federal standards under chapter 35 of title 44 of the United States Code and other appropriate Federal standards established by the Bureau of Labor Statistics;

(2) standardize available Federal and State multi-agency administrative records and direct survey data sources to produce an employment and economic analysis with a published set of projections for the State and designated areas within the State which, at the minimum, includes—

(A) identification of geographic and occupational areas of potential growth or decline; and

(B) an assessment of the potential impact of such growth or decline on individuals, industries, and communities, including occupational supply and demand characteristics data;

(3) assure, to the extent feasible, that—

(A) automated technology will be used by the State;

(B) administrative records have been designed to reduce paperwork; and

(C) multiple survey burdens on the employers of the State have been reduced;

(4) publish and disseminate labor market and occupational supply and demand information and individualized career information to State agencies, area public agencies, libraries, and private not-for-profit users, and individuals who are in the process of making career decision choices; and

(5) conduct research and demonstration projects designed to improve any aspect of the statewide information system.

(b)(1) The analysis required under clause (2) of subsection (a) shall be used by States and by prime sponsors to contribute to carrying out the provisions of this Act, the Vocational Education Act of 1963, and the Act of June 6, 1933 (the Wagner-Peyser Act).

(2) The assurance required by clause (3) of subsection (a) shall also provide that the State will, to the maximum extent feasible, assure consolidation of available administrative data and surveys to reduce duplication of recordkeeping by State and local agencies, including secondary and postsecondary educational institutions.

(3) If Federal funds are used to carry out clause (5) of subsection (a), access to and information on the results shall remain in the public domain.

INTERSTATE AGREEMENTS

SEC. 116. In the event that compliance with provisions of this Act would be enhanced by cooperative agreements between States, the consent of Congress is hereby given to such States to enter into such compacts and agreements to facilitate such compliance, subject to the approval of the Secretary.

PART C—GENERAL REQUIREMENTS

GENERAL PROGRAM REQUIREMENTS

SEC. 121. Except as otherwise provided, the following conditions are applicable to all programs under this Act:

(a)(1) No individual shall be excluded from participation in, denied the benefits of, subjected to discrimination under, or denied employment in the administration of or in connection with any such program because of race, color, religion, sex, national origin, age, handicap, or political affiliation or belief.

(2) Participants shall not be employed on the construction, operation, or maintenance of so much of any facility as is used or to be used for sectarian instruction or as a place for religious worship.

(3) With respect to terms and conditions affecting, or rights provided to, individuals who are participants in activities supported by funds provided under this Act, such individuals shall not be discriminated against solely because of their status as such participants.

(b) Prime sponsors shall provide employment and training opportunities to those who can benefit from, and who are most in need of, such opportunities and shall make every effort to provide equitable services among significant segments of the eligible population.

(c)(1) All individuals participating in training under this Act shall be eligible to receive allowances pursuant to section 122. No participant may receive allowances from funds under this Act for institutional or classroom training for more than 104 weeks in a five-year period.

(2) No individual shall participate in programs receiving financial assistance under this Act for longer than a total of thirty months in any five-year period.

(d) Funds provided under this Act shall only be used for activities which are in addition to those which would otherwise be available in the area in the absence of such funds.

(e) No funds shall be used to assist in relocating establishments, or parts thereof, from one area to another or locating new branches, subsidiaries, or affiliates unless the Secretary determines that such relocation or location will not result in an increase in unemployment in the area of original location or in any other area.

(f)(1) Training provided with funds made available under this Act shall be only for occupations for which there is a demand in the area served or in another area to which the participant is willing to relocate, and priority in the selection of training programs shall be given to training in occupations determined, pursuant to the labor market analysis made under section 104(b)(2)(A), to be in sectors of the economy which have a high potential for sustained demand or growth.

(2) All programs, to the maximum extent feasible, shall contribute to occupational development, upward mobility, development of new careers, and overcoming sex-stereotyping (including procedures which will lead to skill development and job opportunities for participants in occupations traditional for the other sex).

(g) Only eligible individuals residing in the prime sponsor's area may be served by employment and training activities funded under this Act, except that, in the case of two or more prime sponsors operating with a joint private industry council under section 101(f), each such prime sponsor may serve eligible individuals residing in the other such prime sponsors' areas.

(h) No member of any council under this Act shall cast a vote on any matter which has a direct bearing on services to be provided by that member (or any organization which that member directly represents) or vote on any matter which would financially benefit the member or the organization which the member represents.

(i) Except for employment bonuses under section 232(27), payments for on-the-job training to employers organized for profit shall not exceed the difference between (1) the costs of recruiting, training, and supportive services and the costs of lower productivity associated with employing an individual who lacks the requisite skills to perform the job in

which the individual is placed and (2) such costs for those otherwise employed. The length of time for which such payments may be made shall not exceed that period of time generally required for the acquisition of skills needed for a position within a particular occupation.

(j)(1) Funds provided under this Act shall not be used to duplicate facilities or services available in the area (with or without reimbursement) from Federal, State, or local sources, unless the prime sponsor demonstrates that alternative services or facilities would be more effective or more likely to achieve the prime sponsor's performance goals.

(2) For the purpose of complying with section 104(b)(2)(E) with respect to the provision of education services, the criteria for selection among competing providers of services shall afford to appropriate education agencies in the area to be served the opportunity to provide such services, unless the prime sponsor can demonstrate that alternative agencies or organizations would be more effective or would have greater potential to enhance the participants' continued occupational and career growth.

(k) Adequate accounting, monitoring, and cost management systems shall be established and maintained to assure integrity of the funds provided under this Act, according to standards established by the Secretary. The Secretary shall establish such standards and procedures for recipients of

funds under this Act as are necessary to assure against program abuses.

(l) Each recipient receiving funds directly from the Secretary shall be responsible for the allocation of such funds and the eligibility of those enrolled in its programs and shall have responsibility to take action against its subcontractors, subgrantees, and other recipients to eliminate abuse in the programs they are carrying out, and to prevent any misuse of funds by such subcontractors, subgrantees, and other recipients. Prime sponsors may delegate the responsibility for determination of eligibility under reasonable safeguards, including provisions for reimbursement of cost incurred because of erroneous determinations made with insufficient care, if the Secretary has approved such an arrangement pursuant to the provisions of section 105(c).

(m) Federal assistance under this Act shall not be used for the payment of a fee for the placement of any individual in a training or employment program under this Act. Nor may any person or organization charge a fee for the placement or referral of any individual in or to such program.

(n) No funds may be provided under this Act for any subsidized employment with any private for-profit employer unless the individual employed is a youth aged 16 to 21, inclusive, who is economically disadvantaged and the employment is provided in accordance with section 265(c)(2).

(o) The Secretary shall not provide financial assistance for any program under this Act which involves political activities.

(p)(1) Not more than 15 percent of the total amount of funds available to a prime sponsor under this Act in any fiscal year may be expended for the cost of administration of programs and activities under this Act. For purposes of this paragraph, costs of program support (such as counseling) which are directly related to the provision of education or training and such additional costs as may be attributable to the development of training described in section 233 shall not be counted as part of the cost of administration.

(2) All funds received under any title of this Act, which are allowed to be used for administrative costs under the provisions of the title under which they were received, may be pooled by the recipient so that they may be used to administer all programs under this Act.

(q) Pursuant to regulations of the Secretary, income generated under any program may be retained by the recipient to continue to carry out the program, notwithstanding the expiration of financial assistance for that program.

(r) The Secretary shall notify the Governor and the appropriate prime sponsor of, and consult with the Governor and such prime sponsor concerning, any activity to be funded by the Secretary under this Act within the State or prime

sponsor area; and the Governor shall notify the appropriate prime sponsor of, and consult with such prime sponsor concerning, any activity to be funded by the Governor under this Act within the prime sponsor area.

WAGES, BENEFITS, AND ALLOWANCES

SEC. 122. (a) Except as otherwise provided in this Act, the following allowances and wages shall apply to all activities financed under this Act:

(1)(A)(i) If the sum of cash income and the value of food stamps received by the family of the participant is less than 70 percent of the lower living standard income level, the participant may receive an hourly subsistence stipend which would, on an annualized basis, assuming 2,000 hours of participation, equal the difference between 70 percent of the lower living standard income level and the annualized sum of cash income and the value of food stamps.

(ii) Maintenance allowances may not substitute for other income transfer and in-kind aid for which the participant is eligible.

(iii) If a participant is eligible for but not receiving welfare, unemployment insurance, or food stamps, the participant shall be assisted in applying for benefits for which he or she is eligible.

(B)(i) Participants from families with incomes below the lower living standard income level shall be eligible for participation cost stipends to cover the extra costs of transportation, meals, equipment, and child care, necessary for participation.

(ii) Individuals with family incomes below 70 percent of the lower living standard income level shall be eligible to receive 100 percent reimbursement, and those between 70 and 100 percent of the lower living standard income level shall be eligible to receive up to 100 percent but not less than 50 percent reimbursement, of the costs described in clause (i) of this subparagraph.

(C) Lump-sum payments, tools and equipment, scholarships, and other rewards may be provided for completion of training activities, attainment of competencies, self-placement at the completion of services, and other constructive attainments.

(D) A trainee shall receive no allowances for hours during which the trainee fails to participate without good cause.

(2) Individuals in on-the-job training shall be compensated by the employer at such rates, including periodic increases, as may be deemed reasonable under regulations prescribed by the Secretary, considering

such factors as industry, geographical region, skill requirements, and individual proficiency, but in no event less than the higher of the rate specified in section 6(a)(1) of the Fair Labor Standards Act of 1938 or the applicable State or local minimum wage law.

(3) Individuals employed in activities authorized under this Act shall be paid wages which shall not be less than the highest of (A) the minimum wage under section 6(a)(1) of the Fair Labor Standards Act of 1938, (B) the minimum wage under the applicable State or local minimum wage law, or (C) the prevailing rates of pay for individuals employed in similar occupations by the same employer.

(b) Stipends and allowances received under this Act shall not be considered as income for the purposes of determining eligibility for and the amount of income transfer and in-kind aid referred to in subsection (a).

LABOR STANDARDS

SEC. 123. (a)(1) Conditions of employment and training shall be appropriate and reasonable in the light of such factors as the type of work, geographical region, and proficiency of the participant.

(2) Appropriate health, safety, and other standards for work and training shall be established and maintained.

(3) Appropriate workers' compensation or equivalent protection shall be provided to all participants.

(4) All individuals employed in subsidized jobs shall be provided workers' compensation, health insurance, unemployment benefits, and other benefits and working conditions at the same level and to the same extent as other employees working a similar length of time, doing the same type of work, and similarly classified. Any such classification must be reasonable and must include nonfederally financed employees, but within any single classification a distinction may be made between subsidized employees and other employees for purposes of determining eligibility for participation in retirement systems or plans which provide benefits based on age or service or both.

(5) No funds under this Act may be used for contributions to retirement systems or plans unless such contributions bear a reasonable relationship to the cost of providing benefits to participants.

(b)(1) No currently employed worker shall be displaced by any participant (including partial displacement such as a reduction in the hours of nonovertime work, wages, or employment benefits).

(2) No program shall impair existing contracts for services or collective bargaining agreements.

(3) No individual shall be employed or job opening filled (A) when any other individual not supported under this Act is on layoff from the same or any substantially equivalent job, or (B) when the employer has terminated the employment of any regular employee not supported under this Act or otherwise reduced its workforce with the intention of filling the vacancy so created by hiring a participant whose wages are subsidized under this Act.

(4) No jobs shall be created in a promotional line that will infringe in any way upon the promotional opportunities of individuals currently employed in jobs not subsidized under this Act.

(5) No jobs shall be substituted for existing federally assisted jobs.

(c)(1) No individual may be required to join a union as a condition of enrolling in a program assisted under this Act in which only institutional training is provided, unless such institutional training involves individuals employed under a collective-bargaining agreement which contains a union security provision.

(2) No funds available under this Act may be used to assist, promote, or deter union organizing.

(3) Where a labor organization represents employees who are engaged in similar work or training in the same area as that proposed to be funded under this Act, an opportunity

shall be provided for such organization to submit comments with respect to such proposal to the applicant and to the Secretary, and written concurrence shall be obtained on activities impairing the terms of any collective bargaining agreement.

(d) All laborers and mechanics employed by contractors or subcontractors in any construction, alteration, or repair, including painting and decorating, of projects, buildings, and works which are federally assisted under this Act, shall be paid wages at rates not less than those prevailing on similar construction in the locality as determined by the Secretary in accordance with the Davis-Bacon Act, as amended (40 U.S.C. 276a–276a–5). The Secretary shall have, with respect to such labor standards, the authority and functions set forth in Reorganization Plan Numbered 14 of 1950 (15 F.R. 3176; 64 Stat. 1267) and section 2 of the Act of June 1, 1934, as amended (48 Stat. 948, as amended; 40 U.S.C. 276(c)).

ALLOCATION OF FUNDS

SEC. 124. (a)(1) All allocations under this Act shall be based on the latest available data and estimates satisfactory to the Secretary.

(2) Whenever the Secretary allocates funds required to be allocated by formula under this Act, the Secretary shall

publish in a timely fashion in the Federal Register the proposed amount to be distributed to each prime sponsor.

(3) All funds required to be distributed by formula under this Act shall be allocated within 70 days after enactment of the appropriations, except that, if such funds are appropriated in advance as authorized by section 125(b), such funds shall be allocated not later than the March 31 preceding the fiscal year for which such funds are to be available for obligation.

(4) No later than 30 days prior to allocation of any discretionary funds under this Act, the Secretary shall publish a plan for utilization of such funds in the Federal Register for comments. After consideration of any comments received, the Secretary shall publish the final plan.

(5) Whenever the Secretary utilizes a formula to allocate funds made available for distribution at the Secretary's discretion under this Act, the Secretary shall, not later than 30 days prior to such allocation, publish such formula in the Federal Register for comments along with the rationale for the formula and the proposed amounts to be distributed to each State and area. After consideration of any comments received, the Secretary shall publish final allocations in the Federal Register.

(b) Except as provided under section 104(b)(2)(H) and section 125(a), the Secretary shall reallocate any amount of

any allocation under this Act which has not been obligated by a prime sponsor to the extent that the Secretary determines that the recipient will not be able to use such amount within a reasonable period of time.

(c)(1) Any allocations to a prime sponsor designated under section 101 may be reallocated only if the Secretary has provided thirty days advance notice to the prime sponsor, to the Governor, and to the general public. During such period, comments may be submitted to the Secretary.

(2) After considering any comments submitted during such period, the Secretary shall notify the Governor and the affected prime sponsor of any decision to reallocate funds, and shall publish such decision in the Federal Register.

(3) In reallocating any such funds, the Secretary shall give priority first to other prime sponsor areas within the same State and then to prime sponsor areas within other States.

AVAILABILITY OF FUNDS

SEC. 125. (a) Notwithstanding any other provision of law, unless enacted in specific limitation of the provisions of this subsection, any funds appropriated to carry out this Act which are not obligated prior to the end of the fiscal year for which such funds were appropriated shall remain available for obligation during the succeeding fiscal year, and any funds obligated in any fiscal year may be expended during a *period of two years from the date of obligation. The obligation of funds shall not be revoked or canceled as long as such funds are expended at a rate which is consistent with the program plan.*

(b)(1) For the purpose of affording adequate notice of funding available under this Act, appropriations under this Act are authorized to be included in an appropriation Act for the fiscal year preceding the fiscal year for which they are first available for obligation.

(2) In order to effect a transition to the advance funding method of timing appropriation action, the provisions of this subsection shall apply notwithstanding that its initial application will result in the enactment in the same year (whether in the same appropriation Act or otherwise) of two separate appropriations, one for the then current fiscal year and one for the succeeding fiscal year.

(c) Notwithstanding any other provision of this Act, no authority to enter into contracts under this Act shall be effective except to such an extent or in such an amount as are provided in advance in appropriations Acts.

REPORTING REQUIREMENTS

SEC. 126. (a) Each prime sponsor shall submit to the Secretary not less than once each calendar quarter a report on its progress toward achievement of its performance goals (as set forth in its plan pursuant to section 104(b)(3)) and *annually, within 60 days after the end of each fiscal year, on the activities conducted during that year and the characteristics of participants served in each program activity. Such annual report shall include a cost/benefit evaluation of programs assisted under this Act.*

(b) The Secretary shall make such reports and recommendations to the President as the Secretary deems appropriate pertaining to employment and occupational requirements, resources, use, and training, and the President shall transmit to the Congress a report on the same topics not later than March 1 of each year. Such report shall include an evaluation of all programs and activities conducted under this Act whether conducted by the Secretary directly or by prime sponsors.

RECORDS, AUDITS, AND INVESTIGATIONS

SEC. 127. (a) In order to assure that funds provided under this Act are used in accordance with its provisions, the following provisions shall apply:

(1) Every recipient of funds under this Act shall make, keep, and preserve such records as the Secretary shall require with regard to each employee and each participant. Such records, including periodic reports, audits, and examinations, shall be preserved for such time as the Secretary establishes and shall be made available to the Secretary at such time and in such

form, including periodic reports, audits, and examinations as the Secretary may require by regulation or order.

(2) For the purpose of any hearing or investigation authorized under this Act, the provisions of section 9 of the Federal Trade Commission Act (15 U.S.C. 49, relating to the attendance of witnesses and the production of books, papers, and documents) as in effect on January 25, 1982, are made applicable to the Secretary.

(b) Every officer, director, agent, or employee of a recipient of funds under this Act who handles funds or other financial assistance received under this Act shall be bonded to provide protection against loss by reason of fraud or dishonesty on such individual's part directly or through conspiracy with others. The Secretary shall establish the amount and other bonding requirements by regulation.

COMPLAINTS AND SANCTIONS

SEC. 128. (a)(1) Each prime sponsor or contractor or grantee under this Act shall establish and maintain a grievance procedure for grievances or complaints about its programs and activities from participants, subgrantees, subcontractors, and other interested persons. Hearings on any grievance shall be conducted within 30 days of filing of a grievance and decisions shall be made not later than 60 days after *the filing of a grievance. Except for complaints alleging fraud or criminal activity, complaints shall be made within one year of the alleged occurrence.*

(2) Each recipient of financial assistance under this Act which is an employer of participants under this Act shall continue to operate or establish and maintain a grievance procedure relating to the terms and conditions of employment.

(3) Upon exhaustion of a recipient's grievance procedure without resolution, or where the Secretary has reason to believe that the recipient is failing to comply with the requirements of this Act or the terms of the prime sponsor's plan, the Secretary shall investigate the allegation or belief and determine within 120 days after receiving the complaint whether such allegation or complaint is true.

(b) The Secretary may investigate such facts, conditions, practices, or other matters as the Secretary deems necessary to determine whether any recipient of funds or any official of such recipient has violated any provision of this Act or of the regulations under this Act. If the Secretary concludes that any recipient of funds under this Act is failing to comply with any provision of this Act or the regulations under this Act or that the recipient has not taken appropriate action against its subcontractors, subgrantees, and other recipients, the Secretary shall have authority to revoke all or part of the recipient's plan and to terminate or suspend fi-

nancial assistance in whole or in part and order such sanctions or corrective actions as are appropriate, including the repayment of misspent funds from sources other than funds under this Act and the withholding of future funding in accordance with subsection (e), if prior notice and an opportunity for a hearing have been given to the recipient. In determining whether to order repayment or to order withholding, the Secretary shall take into account whether the recipient acted in willful disregard of statutory requirements, was grossly negligent, or otherwise failed to observe accepted standards of administration. Whenever the Secretary orders termination or suspension of financial assistance to a subgrantee or subcontractor (including operators under a nonfinancial agreement), the Secretary shall have authority to take whatever action is necessary to enforce such order, to reclaim misspent funds, or to otherwise protect the integrity of the funds or ensure the proper operation of the program, including action directly against the subgrantee or subcontractor, and an order to the primary recipient that it take such legal action.

(c) In emergency situations, if the Secretary determines it is necessary to protect the integrity of the funds or ensure the proper operation of the program, the Secretary may immediately terminate or suspend financial assistance in whole or in part, if prompt notice and opportunity for a subsequent

hearing are given to the recipient, within thirty days after such termination or suspension. The Secretary shall not delegate any of the functions or authority specified in this subsection, other than to an officer whose appointment was required to be made by and with the advice and consent of the Senate.

(d) If the Secretary determines that any recipient under this Act has—

(1) discharged or in any other manner discriminated against a participant or against any person in connection with the administration of the program involved, or against any person because such person has filed any complaint or instituted or caused to be instituted any proceeding under or related to this Act, or has testified or is about to testify in any such proceeding or investigation under or related to this Act, or otherwise unlawfully denied to any person a benefit to which that person is entitled under the provisions of this Act or the Secretary's regulations, or

(2) discriminated against any individual, or failed to provide employment or training opportunities at levels of skill and remuneration that are commensurate with the participant's capabilities or potential capabilities,

the Secretary shall, within thirty days, take such action or order such corrective measures, as necessary, with respect to the recipient or the aggrieved person, or both.

(e) The Secretary may withhold funds otherwise payable under this Act in order to recover any amounts expended *in any fiscal year in violation of any provision of this Act, any regulation promulgated pursuant to this Act, or any term or condition of assistance under this Act. In the event of any such withholding which results from fraud or abuse, the Secretary may order the recipient to conduct the program as specified in the applicable plan on the basis of funds other than funds under this Act and may enforce such order by appropriate civil action, unless the recipient elects to terminate participation as a grantee under this Act.*

(f) With the consent of State agencies charged with the administration of State laws, the Secretary is authorized, for the purpose of carrying out this section, to utilize the services of State and local agencies and their employees. Notwithstanding any other provision of law, the Secretary is authorized to reimburse, in whole or in part, such State and local agencies and their employees for services rendered for such purposes.

(g) Except as otherwise provided in subsection (c), the Secretary shall not revoke a recipient's plan, in whole or in part, nor institute corrective action or sanctions against a

recipient under this section or any other provision of this Act without first providing the recipient and the State with notice by the Secretary of such intended actions and the reasons upon which those intended actions are based, and also providing the recipient with an opportunity to informally resolve those matters contained in the Secretary's notice.

(h) In order to ensure compliance with the provisions of this Act and regulations promulgated under this Act and to ensure conduct of programs in a manner consistent with the purposes and objectives of this Act, the Secretary may require prime sponsors to participate in unified audit programs established by the Secretary to provide for the audit of both prime sponsors and their respective subgrantees and subcontractors. In any such case the Secretary may require the prime sponsor to pay, from funds under this Act available to it for administrative expenses, that portion of the unified audit expenses allocable to the audit of such subgrantees and subcontractors.

(i) Nothing in this section shall be deemed to reduce the responsibility and full liability of prime sponsors and other recipients which receive funds directly from the Secretary.

(j) The existence of remedies under this section shall not preclude any person, who alleges that an action of a prime sponsor or of any other recipient violates any of the provisions of this Act or the regulations promulgated under this

Act, from instituting a civil action or pursuing any other remedies authorized under Federal, State, or local law.

JUDICIAL REVIEW

SEC. 129. (a) If any prime sponsor is dissatisfied with the Secretary's final action with respect to the disapproval of its plan under section 105, or if any recipient is dissatisfied with the Secretary's final action with respect to a sanction under section 128, or if any interested person is dissatisfied with or aggrieved by any final action of the Secretary authorized under section 128, such prime sponsor, recipient, or person may, within 60 days after notice of such action, file with the United States Court of Appeals for the circuit in which the prime sponsor, recipient, or person resides or transacts business a petition for review of such action.

(b) The findings of fact by the Secretary, if supported by substantial evidence, shall be conclusive, but the court, for good cause shown, may, in whole or in part, set aside the findings of the Secretary or remand the case to the Secretary in whole or in part to take further evidence, and the Secretary may thereupon make new or modified findings of fact and may modify the previous action, and shall certify to the court the record of the further proceedings.

SERVICES AND PROPERTY

SEC. 130. The Secretary is authorized, in carrying out functions and responsibilities under this Act, to accept, pur-

chase, or lease in the name of the Department, and employ or dispose of in furtherance of the purposes of this Act, or any title thereof, any money or property, real, personal, or mixed, tangible or intangible, received by gift, devise, bequest, or otherwise; and to accept voluntary and uncompensated services, notwithstanding the provisions of section 3679(b) of the Revised Statutes of the United States.

UTILIZATION OF SERVICES AND FACILITIES

SEC. 131. The Secretary is authorized, in the performance of functions under this Act, and to the extent permitted by law, to utilize the services and facilities of departments, agencies, and establishments of the United States. The Secretary is also authorized to accept and utilize the services and facilities of the agencies of any State or political subdivision of a State, with its consent.

PROHIBITION AGAINST FEDERAL CONTROL OF EDUCATION

SEC. 132. No provision of this Act shall be construed to authorize any department, agency, officer, or employee of the United States to exercise any direction, supervision, or control over the curriculum, program of instruction, administration, or personnel of any educational institution, school, or school system, or over the selection of library resources, textbooks, or other printed or published instructional materials by any educational institution or school system.

SCHEDULES FOR SUBMISSION OF PLANS

SEC. 133. (a)(1) The Secretary shall, not later than the March 31 preceding the fiscal year for which a community job training or Governor's coordination and special services plan is to take effect, establish a date for the submission of such plans in accordance with the provisions of this Act.

(2) The Secretary shall make available a complete and final set of all applicable regulations and necessary application materials not later than the May 15 preceding the fiscal year for which such plan is to take effect.

(b) If for any reason the Secretary cannot provide a complete and final set of all applicable regulations and necessary application materials by the date established under paragraph (2) of subsection (a), the Secretary shall extend the date for submission of such plan to allow the prime sponsor and Governor to review such regulations and to complete such materials during a reasonable period of time prior to submission.

(c) During the period between May 15 and the date for submission of plans, the Secretary shall not issue any regulations or guidelines or interpretations that require any change as a condition for the Secretary's approval or disapproval of any such plan for the succeeding fiscal year. If the Secretary deems that a plan change is required during such period, the Secretary shall allow at least 90 days for final

submission of such change, but the applicant may at its own discretion submit the required change at any time.

TITLE II—EMPLOYMENT AND TRAINING SERVICES FOR THE DISADVANTAGED

PART A—GENERAL PROVISIONS

STATEMENT OF PURPOSE

SEC. 200. It is the purpose of this title to provide disadvantaged individuals the opportunity to participate in training, education, job search activity, and work-site experience in order to gain the competencies necessary to secure unsubsidized employment; and to provide disadvantaged in-school and out-of-school youth the opportunity to develop and acquire the necessary employability skills for successful entry into the labor market.

ALLOCATION OF FUNDS

SEC. 201. (a)(1) The Secretary shall allocate 73 percent of the amount appropriated to carry out this title for any fiscal year among the States as follows:

(A) Twenty-five percent of the amount allocated under this paragraph shall be allocated among the States on the basis of the relative number of unemployed individuals who reside in each such State as compared to the total number of unemployed individuals in all the States.

(B) Twenty-five percent of the amount allocated under this paragraph shall be allocated among the States on the basis of the relative excess number of unemployed individuals who reside in each State as compared to the total excess number of unemployed individuals in all the States. For purposes of this subparagraph, the term "excess number" means the number which represents unemployed individuals in excess of 4.5 percent of the civilian labor force in the State, or the number which represents unemployed individuals in excess of 4.5 percent of the civilian labor force in areas of substantial unemployment in such State.

(C) Twenty-five percent of the amount allocated under this paragraph shall be allocated among the States on the basis of the relative number of unemployed individuals residing in areas of substantial unemployment in each State compared to the total number of such unemployed individuals in all areas of substantial unemployment in all the States.

(D) Twenty-five percent of the amount allocated under this paragraph shall be allocated among the States on the basis of the relative number of adults in families with an annual income below the low-income level who reside in each State as compared to the total number of such adults in all the States.

(2) The sum allocated to each State under paragraph (1) shall be allocated by the Secretary among areas served by prime sponsors within the State on an equitable basis, based upon the factors set forth in such paragraph.

(b) The Secretary shall allocate 10 percent of the amount appropriated to carry out this title for any fiscal year among the States to carry out the Governor's coordination and special services plan under section 111, to provide funds for the State employment and training coordinating council under section 112, and to enable the Governor of each State to provide financial assistance to facilitate coordination among employment-related education and training programs under section 113. The amount allocated to each State shall bear the same ratio to 10 percent of the amount so appropriated as the amount allocated to that State under subsection (a)(1) bears to the sum of the amounts allocated to all the States under such subsection.

(c)(1) Five percent of the amount appropriated to carry out this title for fiscal year 1983 shall be made available by the Secretary to prime sponsors as planning grants to assist in meeting special costs during the transition period provided in section 503(b)(2) of this Act. The prime sponsor shall make a portion of such funds available to the private industry council to enable it to hire professional, technical, and clerical staff to assist in carrying out its responsibilities (if

any funds for such purpose are desired by such council). The amounts made available by the Secretary to prime sponsors shall be allocated among prime sponsors in the same manner as funds are allocated under subsection (a)(2).

(2) The Secretary shall allocate 5 percent of the amount appropriated to carry out this title for fiscal year 1984 or any succeeding fiscal year among prime sponsors that, during the preceding fiscal year, meet or exceed the performance goals established in their plans (as required by section 104(b)(3)). The amount allocated to each such prime sponsor shall bear the same ratio to 5 percent of the amount so appropriated as the amount allocated to that prime sponsor under subsection (a)(2) bears to the sum of the amounts allocated to all such prime sponsors (that meet or exceed their performance goals) under such subsection.

(d)(1) The Secretary shall allocate 6 percent of the amount appropriated to carry out this title for any fiscal year among the States to enable the Governor of each State to provide State incentive grants to State agencies responsible for education and training under section 114.

(2) The amount so allocated to each State shall bear the same ratio to 6 percent of the amount so appropriated as the amount allocated to that State under subsection (a)(1) bears to the sum of the amounts allocated to all the States under such subsection.

(e)(1) The Secretary shall allocate 4 percent of the amount appropriated to carry out this title for fiscal year 1984 or any succeeding fiscal year among prime sponsors that demonstrate to the satisfaction of the Secretary that they have raised, from non-Federal sources, and will expend for purposes of programs under this title, an amount equal to the amount allocated to that prime sponsor under paragraph (2).

(2) The amount so allocated to each prime sponsor shall bear the same ratio to 4 percent of the amount so appropriated as the amount allocated to that prime sponsor under subsection (a)(2) bears to the sum of the amounts allocated to all prime sponsors under such subsection.

(3) Any amounts allocated under paragraph (2) to prime sponsors which do not meet the matching amount required by paragraph (1) shall be reallocated by the Secretary to other prime sponsors (which meet the matching amount) on such basis as the Secretary may establish consistent with the purposes of this title.

(f)(1) The Secretary shall allocate 2 percent of the amount appropriated to carry out this title for any fiscal year among prime sponsors designated pursuant to paragraph (3)(A) or (4) of section 101(a). The amount allocated to each such prime sponsor shall bear the same ratio to 2 percent of the amount so appropriated as the amount allocated to that prime sponsor under subsection (a)(2) bears to the sum of the

amounts allocated to all such prime sponsors (that are designated pursuant to paragraph (3)(A) or (4) of section 101(a)) under such subsection.

(2) Four percent of the amount appropriated to carry out this title for fiscal year 1983 shall be made available by the Secretary (in addition to amounts made available for such fiscal year under paragraph (1)) in accordance with this paragraph. The Secretary shall use such funds, after consultation with and receiving recommendations from the Governor of the appropriate State, to encourage voluntary consortia (formed under paragraph (3)(A) or (4) of section 101(a)) serving substantial portions of labor market areas within such State. Such amounts shall be allocated in the same manner as funds are allocated under paragraph (1).

ELIGIBILITY FOR SERVICES

SEC. 202. (a) Except as provided in subsection (b), an individual shall be eligible to participate in a program receiving assistance under parts B and C of this title only if such individual is economically disadvantaged.

(b) Up to 10 percent of the participants in all programs of a prime sponsor receiving assistance under parts B and C of this title may be individuals who are not economically disadvantaged if such individuals have encountered barriers to employment. Such individuals may include, but are not limited to, those who have limited English-language profi-

ciency, or are displaced homemakers, single teenage parents, older workers, veterans, ex-offenders, alcoholics, or addicts.

DIVISION OF FUNDS

SEC. 203. (a) Funds provided under this title shall be used by each prime sponsor in accordance with its plan to provide such employment and training services to disadvantaged youth and adults as the prime sponsor and private industry council determine to be necessary and appropriate. Except as provided in subsections (b) and (c), one-half of such funds shall be expended to provide such services to eligible youth under section 261, and one-half of such funds shall be expended to provide such services to eligible adults under section 231.

(b) To the extent that the ratio of economically disadvantaged youth to economically disadvantaged adults in the area served by the prime sponsor differs from the ratio of such individuals nationally (as published by the Secretary), the amount which such prime sponsor shall be required to expend for services for youth under subsection (a) shall be reduced or increased proportionately in accordance with regulations prescribed by the Secretary.

(c) Up to 15 percent of the funds allocated for services to adults may be used by each prime sponsor for services for youth, and, alternatively, up to 15 percent of the funds allocated for services to youth may be used by each prime spon-

sor for services to adults, based upon analysis of local needs and capacities as justified in its biennial community job training plan.

PART B—ADULT TRAINING PROGRAMS

ELIGIBILITY FOR ADULT PROGRAMS

Sec. *231. Individuals otherwise eligible under section 202 who are 22 years of age or older shall be eligible to participate in programs under this part.*

USE OF FUNDS

SEC. 232. Employment and training services made available with funds provided under this part (and under part C) may include, but need not be limited to—

(1) job search assistance,

(2) job counseling,

(3) remedial education and basic skills training,

(4) institutional skill training,

(5) on-the-job training,

(6) programs of advanced career training which provide a formal combination of on-the-job and institutional training and internship assignments which prepare individuals for career employment,

(7) training programs operated by the private sector, including those operated by labor organizations or by consortia of private sector employers utilizing private sector facilities, equipment, and personnel to

train workers in occupations for which demand exceeds supply,

(8) outreach to make individuals aware of, and encourage the use of employment and training services,

(9) development of labor market information,

(10) programs to develop work habits and other services to individuals to help them obtain and retain employment,

(11) supportive services to enable individuals to participate in employment and training activities, including child care, health care, transportation, special services and materials for the handicapped, and other necessary services,

(12) upgrading and retraining,

(13) education-to-work transition activities,

(14) literacy training and bilingual training,

(15) work experience,

(16) vocational exploration,

(17) attainment of certificates of high school equivalency,

(18) job development,

(19) job-generating activities,

(20) apprenticeship programs,

(21) disseminating information on program activities to employers,

(22) use of advanced learning technology for education, job preparation, and skills training,

(23) development of job openings,

(24) on-site industry-specific training programs supportive of industrial and economic development,

(25) followup services with participants placed in unsubsidized employment,

(26) coordinated programs with other Federal employment-related activities, and

(27) employment bonuses, paid only upon retention in employment for at least 6 months beyond the training period, to provide incentives for employers to employ participants at the conclusion of on-the-job or other training under this Act.

CUSTOMIZED TRAINING REQUIREMENT

SEC. 233. To the extent possible in light of local economic conditions, training programs conducted by prime sponsors under this part shall provide training described in clause (5), (6), (7), (12), (20), or (24) of section 232 or other training conducted with a commitment by an employer or group of employers to employ an individual upon successful completion of that training.

PART C—YOUTH PREPARATORY PROGRAMS

ELIGIBILITY FOR YOUTH PREPARATORY PROGRAMS

SEC. 261. (a) Individuals otherwise eligible under section 202 who are aged 16 through 21, inclusive, shall be eligible to participate in programs under this part, regardless of whether such individuals are in-school or out-of-school.

(b) Youth aged 14 or 15 shall be eligible to receive assistance under pre-employment skills training programs described in section 264 and such youth may be eligible to receive such assistance without regard to the limitations in section 202.

(c) Eligible youth aged 14 or 15 shall, if appropriate and set forth in the community job training plan, be eligible for summer youth employment programs under section 267 of this Act.

PARTICIPATION IN PART B ACTIVITIES

SEC. 262. In addition to activities authorized under this part, funds available under this part may be used to provide eligible youth with the same activities authorized in section 232.

EDUCATION FOR EMPLOYMENT

SEC. 263. (a) Eligible youth who have not attained a high school diploma or who have educational deficiencies despite the attainment of a diploma shall be eligible under this section, with priority given to high school dropouts.

(b)(1) The prime sponsor is authorized to maintain a network of learning centers offering individualized instruction in convenient locations, such as schools, neighborhood organizations, libraries, and other sites, including mobile vans in rural areas.

(2) The curricula provided by such network shall be designed to prepare the student to meet State and locally determined general education diploma and basic education competency requirements.

(c) For purposes of this section, priority shall be given in the selection of service providers to previously funded in-school and community based organization projects which are both cost-effective and of demonstrated success, and which otherwise meet criteria under this Act.

PREEMPLOYMENT SKILLS TRAINING

SEC. 264. (a) Youth aged 14 through 19 may receive services under this section, except that—

(1) priority shall be given to those youth who do not meet established levels of academic achievement and who plan to enter the full-time labor market upon leaving school; and

(2) insofar as possible, preemployment skills training shall be concentrated on youth aged 14 through 16.

(b) Up to 200 hours of individualized instruction and activities may be provided to youth under this section.

(c) The instruction and activities may include, but are not limited to, the following:

(1) assessment, testing, and counseling;

(2) occupational career and vocational exploration;

(3) job search assistance;

(4) job holding and survival skills training;

(5) basic life skills training;

(6) remedial education;

(7) labor market information; and

(8) job-seeking skills training.

ENTRY EMPLOYMENT EXPERIENCE

SEC. 265. (a) Youth may participate under this section if they—

(1) have completed preemployment skills training or its equivalent;

(2) have not held a regular part-time or summer job for more than 250 hours of paid employment, except that this paragraph may be waived in accordance with criteria established in the community job training plan under title I of this Act; and

(3) are enrolled in a secondary school or an institution offering a certified high school equivalency pro-

gram and are meeting or have met the minimum academic and attendance requirements of that school or education program during the current or most recent term, with priority given to youth who do not plan to continue on to postsecondary education.

(b) Entry employment experiences may be up to 20 hours weekly during the school year or full time during the summer and holidays, for a total of not to exceed 500 hours of entry employment experience for any individual. Such experiences shall be appropriately supervised, including the maintenance of standards of attendance and worksite performance.

(c) Entry employment experiences may be one of the following types:

(1) Full-time employment opportunities in public and private nonprofit agencies during the summer and on a part-time basis in combination with education and training activities. These jobs shall provide community improvement services that complement local expenditures.

(2) Tryout employment at private for-profit worksites, or at public and private nonprofit worksites when private for-profit worksites are not available. Wages for tryout employment shall be paid by the prime sponsor, but the length of any assignment to a tryout employ-

ment position shall not exceed 250 hours. Tryout employment positions shall be ones for which participants would not usually be hired (because of lack of experience or other barriers to employment), and vacancies in such positions may not be refilled if the previous participant completed the tryout employment but was not hired by the employer.

(3) Cooperative education programs to coordinate educational programs with work in the private sector.

(d) Participation in education for employment activities under this section may be required to qualify for entry employment experiences in the summer months and shall be required for dropout youth not enrolled in other education activities.

(e) Each participant shall be required to meet performance and attendance standards related to the employment assignment, and shall be evaluated and terminated (if necessary) on the basis of unsatisfactory compliance with such standards.

SCHOOL-TO-WORK TRANSITION ASSISTANCE

SEC. 266. (a) School-to-work transition assistance may be provided to—

(1) high school seniors who plan to enter the full-time labor market upon graduation, with priority to seniors in high schools having a predominance of stu-

dents from families with incomes below 70 percent of the lower living standard income level; and

(2) dropouts, with followup as immediately as possible after leaving school.

(b) Transition services include—

(1) provision of occupational information;

(2) short-duration job search assistance;

(3) job clubs;

(4) placement and job development; and

(5) followup.

(c) All seniors and dropouts who are eligible for and in need of training activities shall be provided information and, where appropriate, referred to—

(1) preemployment skills training, entry employment experience, and remedial education;

(2) adult training activities; and

(3) the Job Corps.

SUMMER YOUTH EMPLOYMENT PROGRAMS

SEC. 267. Eligible youth under this part may participate in summer youth employment programs carried out by public or private nonprofit agencies and organizations. Such programs shall provide useful work experience and appropriate training and supplemental activities to develop the occupational potential of participants.

EDUCATION STANDARDS

SEC. 268. (a) All education programs for youth supported with funds provided under this part shall be consistent with applicable State and local education standards.

(b) Standards and procedures with respect to the awarding of academic credit and certifying educational attainment in programs conducted under this part shall be consistent with the requirements of applicable State and local law and regulation.

TITLE III—EMPLOYMENT AND TRAINING ASSISTANCE FOR DISPLACED WORKERS

PURPOSE

SEC. 301. It is the purpose of this title (1) to assist individuals who have become involuntarily unemployed (and who are unlikely to be rehired by the same employer) in obtaining alternative employment, (2) to retrain individuals with job skills in declining occupations for jobs in occupations in growing demand, and (3) to reduce the impact of economic dislocations on local communities.

ALLOCATION OF FUNDS

SEC. 302. (a) From the amount appropriated to carry out this title for any fiscal year, the Secretary may reserve up to 25 percent of such amount for use by the States in accordance with subsection (c).

(b) The Secretary shall allocate the remainder of the amount appropriated to carry out this title for any fiscal year among the States as follows:

(1) One-third of the remainder of such amount shall be allocated among the States on the basis of the relative number of unemployed individuals who reside in each State as compared to the total number of unemployed individuals in all the States.

(2) One-third of the remainder of such amount shall be allocated among the States on the basis of the relative excess number of unemployed individuals who reside in each State as compared to the total excess number of unemployed individuals in all the States. For purposes of this subparagraph, the term "excess number" means the number which represents unemployed individuals in excess of 4.5 percent of the civilian labor force in the State.

(3) One-third of the remainder of such amount shall be allocated among the States on the basis of the relative number of individuals who have been unemployed for fifteen weeks or more and who reside in each State as compared to the total number of such individuals in all the States.

(c) The Secretary shall make available the sums reserved under subsection (a) for the purpose of providing

training, retraining, job search assistance, placement, relocation assistance, and other aid (including any activity authorized by section 307) to individuals who are affected by mass layoffs, natural disasters, Federal Government actions (such as relocations of Federal facilities), or who reside in areas of high unemployment or designated enterprise zones. In order to qualify for assistance from funds reserved by the Secretary under subsection (a), a State shall, in accordance with regulations promulgated by the Secretary establishing criteria for awarding assistance from such funds, submit an application identifying the need for such assistance and the types of, and projected results expected from, activities to be conducted with such funds.

MATCHING REQUIREMENT

SEC. 303. (a)(1) In order to qualify for financial assistance under this title, a State shall demonstrate to the satisfaction of the Secretary that it will expend for purposes of services assisted under this title, an amount from public or private non-Federal sources equal to the amount made available to that State under section 302(b). The Secretary shall prescribe regulations establishing conditions for appropriate reduction in the amount that a State is required to expend under the preceding sentence if the average rate of unemployment for any three consecutive months in such State is a *percentage which equals or exceeds the national average rate of unemployment for such months.*

(2) Such non-Federal matching funds shall include the direct cost of employment or training services under this title provided by State or local programs (such as vocational education), private nonprofit organizations, or private for-profit employers.

(b) Any funds which are expended by a State to provide unemployment insurance benefits to an individual who is an eligible participant for purposes of this title and who is enrolled in a program of training or retraining under this title shall be counted as funds expended from non-Federal sources as required by subsection (a) of this section.

STATE DISPLACED WORKER PLANS; COORDINATION WITH OTHER PROGRAMS

SEC. 304. (a) Any State which desires to receive financial assistance under this title shall submit to the Secretary a plan for the use of such assistance which shall include appropriate provisions for the coordination of programs conducted with such assistance with other Federal, State, or local employment-related programs, such as unemployment compensation, employment services, vocational education, public assistance programs, and social services.

(b) To the maximum extent feasible, the plan submitted under subsection (a) shall ensure that the State will, in the

conduct of programs and activities under this title, utilize facilities and services provided by employment and training programs operated with assistance under title II of this Act.

PRIME SPONSOR REVIEW

SEC. 305. No program of assistance conducted with funds made available under this title may be operated within any area served by a prime sponsor designated under paragraph (2), (3), (4), (5), or (6) of section 101(a) of this Act, unless the operation of such program in such area is approved by that prime sponsor and by a majority of members of the private industry council for that prime sponsor.

CONSULTATION WITH LABOR ORGANIZATIONS

SEC. 306. No program of assistance conducted with funds made available under this title which will provide services to a substantial number of members of a labor organization, or to individuals engaged in similar work in the area served by a labor organization, shall be established without consultation with, and the approval of such services by, such labor organization.

AUTHORIZED ACTIVITIES

SEC. 307. (a) Financial assistance provided to States under this title may be used to assist eligible participants to obtain unsubsidized employment through training and related employment services which may include, but are not limited to—

(1) job search assistance, including job clubs,

(2) job development,

(3) training in jobs skills for which demand exceeds supply,

(4) supportive services, including commuting assistance and financial and personal counseling,

(5) pre-layoff assistance,

(6) relocation assistance, and

(7) programs conducted in cooperation with employers or labor organizations to provide early intervention in the event of closures of plants or facilities.

(b) During any period of training or retraining under this title, eligible participants shall be provided with allowances or stipends in accordance with section 122(a)(1).

(c) Relocation assistance may be provided if the State determines (1) that the participant cannot obtain employment within the participant's commuting area, and (2) that the participant has secured suitable long-duration employment or obtained a bona fide job offer in a relocation area in a State.

ELIGIBLE PARTICIPANTS

SEC. 308. (a) Any individual whose employment has been terminated or suspended, or who has received a notice of termination or suspension of employment, as a result of any closure of a plant or facility or indefinite layoff or reduction *in force shall be an eligible participant for purposes of services provided under this title.*

(b) Any individual who is unemployed and who is determined by a State, on the basis of the job skills held by that individual, to have limited opportunities for employment or reemployment in the same or a similar occupation in the area in which such individual resides, may be an eligible participant for programs of training or retraining under this title.

TITLE IV—NATIONAL EMPLOYMENT AND TRAINING PROGRAMS

PART A—EMPLOYMENT AND TRAINING PROGRAMS FOR NATIVE AMERICANS AND MIGRANT AND SEASONAL FARMWORKERS

NATIVE AMERICAN PROGRAMS

SEC. 401. (a) The Congress finds that (1) serious unemployment and economic disadvantage exist among members of Native American Indian, Alaskan Native, and Hawaiian native communities; (2) there is a compelling need for the establishment of employment and training programs for members of those communities; and (3) such programs are essential to the reduction of economic disadvantage among individual members of those communities and to the advancement of economic and social development in these communities consistent with their goals and lifestyles.

(b) The Congress therefore declares that, because of the special relationship between the Federal Government and most of those to be served by the provisions of this section—

(1) such programs shall be administered at the national level;

(2) such programs shall be available to federally recognized Native American Indian tribes, bands, and groups and to other groups and individuals of Native American descent; and

(3) such programs shall be administered in such a manner as to maximize the Federal commitment to support growth and development as determined by representatives of the communities and groups served by this section.

(c)(1)(A) In carrying out responsibilities under this section, the Secretary shall, wherever possible, utilize Native American Indian tribes, bands, or groups on Federal or State reservations, Alaska Native villages or groups as defined in the Alaska Native Claims Settlement Act, and the Oklahoma Indians, which have a governing body, and such public agencies and private nonprofit organizations as the Secretary determines will best serve Native Americans, for the provision of employment and training services under this section. If the Secretary determines that such tribe, band, or group has demonstrated the capability to administer effective-

ly an employment and training program, the Secretary shall permit such tribe, band, or group to submit a plan meeting such requirements as the Secretary prescribes.

(B) The Secretary shall arrange for programs to meet the employment and training needs of Hawaiian natives through such public agencies or private nonprofit organizations as the Secretary determines will best meet their needs.

(2) In carrying out responsibilities under this section, the Secretary shall make arrangements with prime sponsors and organizations (meeting requirements prescribed by the Secretary) serving nonreservation Indians and Native Americans for programs and projects designed to meet the needs of such Indians and Native Americans for employment and training and related services.

(d) Whenever the Secretary determines not to utilize Native American Indian tribes, bands, or groups for the provision of employment and training services under this section, the Secretary shall, to the maximum extent feasible, enter into arrangements for the provision of such services with public agencies or private nonprofit organizations which meet with the approval of the tribes, bands, or groups to be served.

(e) The Secretary is directed to take appropriate action to maintain administrative procedures and resources (including personnel having particular competence in this field) for

the administration of Native American employment and training programs authorized under this Act.

(f) Funds available for this section shall be expended for programs and activities consistent with the purposes of this section, including such programs and activities carried out by prime sponsors under other provisions of this Act.

(g) For the purpose of carrying out this section, the Secretary shall reserve from funds available for this title for any fiscal year an amount equal to not less than 2.7 percent of the amount available for title II of this Act for that fiscal year.

(h) No provision of this section shall abrogate in any way the trust responsibilities of the Federal Government to Indian tribes, bands, or groups, or other Native American groups.

(i) The Secretary shall, after consultation with representatives of Indians and other Native Americans, prescribe such rules, regulations, and performance standards relating to Native American programs under this section as may be required to meet the special circumstances under which such programs operate.

(j) The Secretary shall provide technical assistance as necessary to tribes, bands, and groups eligible for assistance under this section.

MIGRANT AND SEASONAL FARMWORKER PROGRAMS

SEC. 402. (a) The Congress finds and declares that—

(1) chronic seasonal unemployment and underemployment in the agricultural industry, aggravated by continual advancements in technology and mechanization resulting in displacement, constitute a substantial portion of the Nation's rural employment problem and substantially affect the entire national economy; and

(2) because of farmworker employment and training problems, such programs shall be centrally administered at the national level.

(b) The Secretary is directed to establish and maintain an office of farmworker programs within the national headquarters of the Department of Labor. This office shall be staffed with personnel experienced in farmworker programs and shall be responsible for selecting, administering, monitoring, and evaluating programs funded under this section.

(c)(1) The Secretary shall provide services to meet the employment and training needs of migrant and seasonal farmworkers through such public agencies and private nonprofit organizations as the Secretary determines to have an understanding of the problems of migrant and seasonal farmworkers, a familiarity with the area to be served, and a previously demonstrated capability to administer effectively a diversified employability development program for migrant and

seasonal farmworkers. In awarding any grant or contract for services under this section, the Secretary shall use procedures consistent with standard competitive Government procurement policies.

(2) The Secretary may approve the designation of grantees under this section for a period of two years.

(3) Programs and activities supported under this section, including those carried out under other provisions of this Act, shall enable farmworkers and their dependents to obtain or retain employment, to participate in other program activities leading to their eventual placement in unsubsidized agricultural or nonagricultural employment, to participate in activities leading to stabilization in agricultural employment, and to assist those farmworkers who remain as seasonal agricultural employees, in improving their well-being.

(4) Recipients of funds under this title shall establish performance goals, which shall, to the extent required by the Secretary, comply with performance standards established by the Secretary pursuant to section 103.

(5) For the purpose of carrying out this section, the Secretary shall reserve from funds available for this title for any fiscal year an amount equal to not less than 2.8 percent of the amount available for title II of this Act for that fiscal year.

(6) No programs and activities supported under this section shall preclude assistance to farmworkers under any other provision of this Act.

PART B—JOB CORPS

STATEMENT OF PURPOSE

SEC. 421. This part maintains a Job Corps for economically disadvantaged young men and women which shall operate exclusively as a distinct national program, sets forth standards and procedures for selecting individuals as enrollees in the Job Corps, authorizes the establishment of residential and nonresidential centers in which enrollees will participate in intensive programs of education, vocational training, work experience, counseling and other activities, and prescribes various other powers, duties, and responsibilities incident to the operation and continuing development of the Job Corps. The purpose of this part is to assist young individuals who need and can benefit from an unusually intensive program, operated in a group setting, to become more responsible, employable, and productive citizens; and to do so in a way that contributes, where feasible, to the development of national, State, and community resources, and to the development and dissemination of techniques for working with the disadvantaged that can be widely utilized by public and private institutions and agencies.

ESTABLISHMENT OF THE JOB CORPS

SEC. 422. There shall be within the Department of Labor a "Job Corps".

INDIVIDUALS ELIGIBLE FOR THE JOB CORPS

SEC. 423. To become an enrollee in the Job Corps, a young man or woman must be an eligible youth who—

(1) has attained age 16 but not attained age 25 at the time of enrollment, except that (A) such maximum age limitation may be waived, in accordance with regulations of the Secretary, in the case of any handicapped individual, (B) a youth aged 14 or 15 may be provided such nonresidential services as are deemed appropriate by the Secretary by regulation, and (C) individuals aged 22 to 24, inclusive, may participate in a manner determined to be appropriate by the Secretary by regulation, taking into account the different characteristics and needs of such individuals;

(2) is economically disadvantaged or is a member of a family which is economically disadvantaged, and who requires additional education, training, or intensive counseling and related assistance in order to secure and hold meaningful employment, participate successfully in regular school work, qualify for other suitable training programs, or satisfy Armed Forces requirements;

(3) is currently living in an environment so characterized by cultural deprivation, a disruptive homelife, or other disorienting conditions as to substantially impair prospects for successful participation in other programs providing needed training, education, or assistance;

(4) is determined, after careful screening as provided for in sections 424 and 425 to have the present capabilities and aspirations needed to complete and secure the full benefit of the Job Corps and to be free of medical and behavioral problems so serious that the individual could not adjust to the standards of conduct, discipline, work, and training which the Job Corps involves; and

(5) meets such other standards for enrollment as the Secretary may prescribe and agrees to comply with all applicable Job Corps rules and regulations.

SCREENING AND SELECTION OF APPLICANTS: GENERAL PROVISIONS

SEC. 424. (a) The Secretary shall prescribe specific standards and procedures for the screening and selection of applicants for the Job Corps. To the extent practicable, these rules shall be implemented through arrangements with agencies and organizations such as community action agencies, public employment offices, prime sponsors under this Act, *professional groups, labor organizations, and agencies and individuals having contact with youth over substantial periods of time and able to offer reliable information as to their needs and problems. The rules shall provide for necessary consultation with other individuals and organizations, including court, probation, parole, law enforcement, education, welfare, and medical authorities and advisers. The rules shall also provide for the interviewing of each applicant for the purpose of—*

(1) determining whether the applicant's educational and vocational needs can best be met through the Job Corps or an alternative program in the applicant's home community;

(2) obtaining from the applicant pertinent data relating to background, needs, and interests for determining eligibility and potential assignment; and

(3) giving the applicant a full understanding of the Job Corps and what will be expected of an enrollee in the event of acceptance.

(b) The Secretary is authorized to make payments to individuals and organizations for the cost of the recruitment, screening, and selection of candidates, as provided for in this part. The Secretary shall make no payments to any individual or organization solely as compensation for referring the names of candidates for Job Corps.

(c) The Secretary shall assure that Job Corps enrollees include an appropriate number of candidates selected from rural areas, taking into account the proportions of eligible youth who reside in rural areas and the need to provide residential facilities for such youth.

SCREENING AND SELECTION: SPECIAL LIMITATIONS

SEC. 425. (a) No individual shall be selected as an enrollee unless there is reasonable expectation that the individual can participate successfully in group situations and activities, is not likely to engage in behavior that would prevent other enrollees from receiving the benefit of the program or be incompatible with the maintenance of sound discipline and satisfactory relationships between the center to which the individual might be assigned and surrounding communities, and unless the individual manifests a basic understanding of both the rules to which the individual will be subject and of the consequences of failure to observe those rules.

(b) An individual on probation or parole may be selected only if release from the supervision of the probation or parole officials is satisfactory to those officials and the Secretary and does not violate applicable laws or regulations. No individual shall be denied a position in the Job Corps solely on the basis of that individual's contact with the criminal justice system.

ENROLLMENT AND ASSIGNMENT

SEC. 426. (a) No individual may be enrolled in the Job Corps for more than two years, except in any case in which completion of an advanced career program under section 428 would require an individual to participate in excess of two years, or except as the Secretary may authorize in special cases.

(b) Enrollment in the Job Corps shall not relieve any individual of obligations under the Military Selective Service Act (50 U.S.C. App. 451 et seq.).

(c) After the Secretary has determined whether an enrollee is to be assigned to a Job Corps Center, the enrollee shall be assigned to the center which is closest to the enrollee's home, except that the Secretary may waive this requirement for good cause, including to ensure an equitable opportunity for youth from various sections of the Nation to participate in the program, to prevent undue delays in assignment, to adequately meet the educational or other needs of an enrollee, and for efficiency and economy in the operation of the program.

JOB CORPS CENTERS

SEC. 427. (a) The Secretary may make agreements with Federal, State, or local agencies, including a State board or agency designated pursuant to section 104(a)(1) of the Vocational Education Act of 1963 which operates or *wishes to develop area vocational education school facilities or residential vocational schools (or both) as authorized by such Act, or private organizations for the establishment and operation of Job Corps centers. Job Corps centers shall be residential in character, but may have nonresidential components, and shall be designed and operated so as to provide enrollees, in a well-supervised setting, with education, vocational training, work experience (either in direct program activities or through arrangements with employers), counseling, and other services appropriate to their needs. The centers shall include Civilian Conservation Centers, located primarily in rural areas, which shall provide, in addition to other training and assistance, programs of work experience to conserve, develop, or manage public natural resources or public recreational areas or to develop community projects in the public interest. The centers shall also include training centers located in either urban or rural areas which shall provide activities including training and other services for specific types of skilled or semiskilled employment.*

(b) To the extent feasible, Job Corps centers shall offer education and vocational training opportunities, together with supportive services, on a nonresidential basis to participants in other programs under this Act. Such opportunities may be offered on a reimbursable basis or through such other arrangements as the Secretary may specify.

(c) The Director of each Job Corps center or his designee shall, in addition to regular duties, serve as liaison officer for the purposes of improving the exchange of information with other programs authorized under this Act. The duties of liaison officer may include non-voting attendance at meetings of the State employment and training coordinating council and the various private industry councils within the State in which the Job Corps center is located.

PROGRAM ACTIVITIES

SEC. 428. (a) Each Job Corps center shall provide enrollees with an intensive, well-organized, and fully supervised program of education, vocational training, work experience, planned vocational and recreational activities, physical rehabilitation and development, and counseling. To the fullest extent feasible, the required program shall include activities to assist enrollees in choosing realistic career goals, coping with problems they may encounter in home communities, or in adjusting to new communities, and planning and managing daily affairs in a manner that will best contribute to long-term upward mobility. Center programs shall include required participation in center maintenance work to assist enrollees in increasing their sense of contribution, responsibility, and discipline.

(b) The Secretary may arrange for enrollee education and vocational training through local public or private educa-

tional agencies, vocational educational institutions, or technical institutes, whenever such institutions provide training substantially equivalent in cost and quality to that which the Secretary could provide through other means.

(c) To the extent feasible, arrangements for education, both at the center and at other locations, shall provide opportunities for qualified enrollees to obtain the equivalent of a certificate of graduation from high school. The Secretary, with the concurrence of the Secretary of Education, shall develop certificates to be issued to each enrollee who satisfactorily completes service in the Job Corps and which will reflect the enrollee's level of educational attainment.

(d)(1) The Secretary may arrange for programs of advanced career training for selected Corps members in which they may continue to participate for a period not to exceed one year in addition to the period of participation to which Corps members would otherwise be limited.

(2) Advanced career training may be provided for in postsecondary institutions for Corps members who attained a high school diploma or its equivalent, have demonstrated commitment and capacity in their previous Job Corps participation, and have an identified occupational goal.

(3) The Secretary may contract with private for-profit businesses and labor unions to provide intensive training in

company-sponsored training programs, combined with internships in work settings.

(4) During the period of participation in advanced career training programs, Corps members shall be eligible for full Job Corps benefits or a monthly stipend equal to the average value of residential support, food, allowances, and other benefits in residential Job Corps centers.

(5) After an initial period of time, determined to be reasonable by the Secretary, any Job Corps center seeking to enroll new Corps members in any advanced career training program shall demonstrate that such program has achieved a reasonable rate of completion and placement in training-related jobs before such new enrollments may occur.

ALLOWANCES AND SUPPORT

SEC. 429. (a) The Secretary shall provide enrollees with such personal, travel, and leave allowances, and such quarters, subsistence, transportation, equipment, clothing, recreational services, and other expenses as he may deem necessary or appropriate to their needs. For the fiscal year ending September 30, 1983, personal allowances shall be established at a rate not to exceed $70 per month during the first six months of an enrollee's participation in the program and not to exceed $125 per month thereafter, except that allowances in excess of $70 per month, but not exceeding $125 per month, may be provided from the beginning of an *enrollee's participation if it is expected to be of less than six months' duration and the Secretary is authorized to pay personal allowances in excess of the rates specified in this subsection in unusual circumstances as determined by him. For fiscal years beginning on or after October 1, 1983, such personal allowance limitations may be increased, by regulation, as the Secretary determines appropriate, except that such personal allowance limitations shall not be established at a rate below those established in this section for fiscal year 1983 as adjusted for changes in the cost of living. Such allowances shall be graduated up to the maximum so as to encourage continued participation in the program, achievement and the best use by the enrollee of the funds so provided and shall be subject to reduction in appropriate cases as a disciplinary measure. To the degree reasonable, enrollees shall be required to meet or contribute to costs associated with their individual comfort and enjoyment from their personal allowances.*

(b) The Secretary shall prescribe rules governing the accrual of leave by enrollees. Except in the case of emergency, he shall in no event assume transportation costs connected with leave of any enrollee who has not completed at least six months' service in the Job Corps.

(c) The Secretary may provide each former enrollee upon termination, a readjustment allowance at a rate not to

exceed, for the fiscal year ending September 30, 1983, $125 for each month of satisfactory participation in the Job Corps. For fiscal years beginning on or after October 1, 1983, such readjustment allowance limitation may be increased, by regulation, as the Secretary determines appropriate, except that such readjustment allowance limitation not be established at a rate below that established in this section for fiscal year 1983 as adjusted for changes in the cost of living. No enrollee shall be entitled to a readjustment allowance unless he has remained in the program at least 90 days, except in unusual circumstances as determined by the Secretary. The Secretary may, from time to time, advance to or on behalf of an enrollee such portions of his readjustment allowances as the Secretary deems necessary to meet extraordinary financial obligations incurred by that enrollee. The Secretary is authorized, pursuant to rules or regulations, to reduce the amount of an enrollee's readjustment allowance as a penalty for misconduct during participation in the Job Corps. In the event of an enrollee's death during his period of service, the amount of any unpaid readjustment allowance shall be paid in accordance with the provisions of section 5582 of title 5, United States Code.

(d) Such portion of the readjustment allowance as prescribed by the Secretary may be paid monthly during the period of service of the enrollee directly to a spouse or child of

an enrollee, or to any other relative who draws substantial support from the enrollee, and any amount so paid shall be supplemented by the payment of an equal amount by the Secretary.

STANDARDS OF CONDUCT

SEC. 430. (a) Within Job Corps centers standards of conduct shall be provided and stringently enforced. If violations are committed by enrollees, dismissal from the Corps or transfers to other locations shall be made if it is determined that retention in the Corps, or in the particular center, will jeopardize the enforcement of such standards or diminish the opportunities of other enrollees.

(b) To promote the proper moral and disciplinary conditions in the Job Corps, the directors of Job Corps centers shall take appropriate disciplinary measures against enrollees, including dismissal from the Job Corps, subject to expeditious appeal to the Secretary.

COMMUNITY PARTICIPATION

SEC. 431. The Secretary shall encourage and cooperate in activities to establish a mutually beneficial relationship between Job Corps centers and nearby communities. These activities shall include the establishment of community advisory councils to provide a mechanism for joint discussion of common problems and for planning programs of mutual interest. Youth shall be represented on the advisory council and *separate youth councils may be established composed of enrollees and young people from the communities. The Secretary shall assure that each center is operated with a view to achieving, so far as possible, objectives which shall include—*

(1) giving community officials appropriate advance notice of changes in center rules, procedures, or activities that may affect or be of interest to the community;

(2) affording the community a meaningful voice in center affairs of direct concern to it, including policies governing the issuance and terms of passes to enrollees;

(3) providing center officials with full and rapid access to relevant community groups and agencies, including law enforcement agencies and agencies which work with young people in the community;

(4) encouraging the fullest practicable participation of enrollees in programs for community improvement or betterment, with appropriate advance consultation with business, labor, professional, and other interested community groups;

(5) arranging recreational, athletic, or similar events in which enrollees and local residents may participate together;

(6) providing community residents with opportunities to work with enrollees directly as part-time instructors, tutors, or advisers, either in the center or in the community;

(7) developing, where feasible, job or career opportunities for enrollees in the community; and

(8) promoting interchanges of information and techniques among, and cooperative projects involving, the center and community schools and libraries, educational institutions, agencies serving young people and recipients of funds under this Act.

COUNSELING AND JOB PLACEMENT

SEC. 432. (a) The Secretary shall counsel and test each enrollee at regular intervals to measure progress in educational and vocational programs.

(b) The Secretary shall counsel and test enrollees prior to their scheduled terminations to determine their capabilities and shall make every effort to place them in jobs in the vocation for which they are trained or to assist them in attaining further training or education. In placing enrollees in jobs, the Secretary shall utilize the public employment service system to the fullest extent possible.

(c) The Secretary shall determine the status and progress of enrollees scheduled for termination and make every

effort to assure that their needs for further education, training, and counseling are met.

(d) The Secretary shall arrange for the readjustment allowance to be paid to former enrollees (who have not already found employment) at the State employment service office nearest the home of any such former enrollee who is returning home, or at the nearest such office where the former enrollee has indicated an intent to reside. If the Secretary uses any other public agency or private organization in lieu of the public employment service system, the Secretary shall arrange for that organization or agency to pay the readjustment allowance.

EXPERIMENTAL AND DEVELOPMENTAL PROJECTS AND COORDINATION WITH OTHER PROGRAMS

SEC. 433. (a)(1) The Secretary is authorized to undertake experimental, research, or demonstration projects to develop or test ways of better using facilities, encouraging a more rapid adjustment of enrollees to community life that will permit a reduction in their period of enrollment, reducing transportation and support costs, or otherwise promoting greater efficiency and effectiveness in the program. These projects shall include one or more projects providing youth with education, training, and other supportive services on a combined residential and nonresidential basis.

(2) The Secretary is authorized to undertake one or more pilot projects designed to involve youth who have a history of serious and violent behavior against persons or property, repetitive delinquent acts, narcotics addiction, or other behavorial aberrations.

(3) Projects under this subsection shall be developed after appropriate consultation with other Federal or State agencies conducting similar or related programs or projects and with the prime sponsors in the communities where the projects will be carried out. They may be undertaken jointly with other Federal or federally assisted programs, and funds otherwise available for activities under those programs shall, with the consent of the head of any agency concerned, be available for projects under this section to the extent they include the same or substantiully similar activities. The Secretary is authorized to waive any provision of this part which the Secretary finds would prevent the carrying out of elements of projects under this subsection essential to a determination of their feasibility and usefulness. The Secretary shall, in the annual report of the Secretary, report to the Congress concerning the actions taken under this section, including a full description of progress made in connection with combined residential and nonresidential projects.

(b) In order to determine whether upgraded vocational education schools could eliminate or substantially reduce the

school dropout problem, and to demonstrate how communities could make maximum use of existing educational and training facilities, the Secretary, in cooperation with the Secretary of Education, is authorized to enter into one or more agreements with State educational agencies to pay the cost of establishing and operating model community vocational education schools and skill centers.

(c)(1) The Secretary, through the Job Corps, programs research, demonstration, and evaluation, and programs for training and technical assistance authorized under this title, shall develop and implement activities designed to disseminate information gained from Job Corps program experience which may be of use in the innovation and improvement of related programs. To carry out this purpose, the Secretary may enter into appropriate arrangements with any Federal or State agency.

(2) The Secretary is authorized to develop Job Corps programs to test at various centers the efficacy of selected education or training activities authorized under this or any other Act and to appropriately disseminate the results of such tests. To carry out this purpose, the Secretary may enter into appropriate arrangements with any Federal or State agency.

(d) The Secretary is authorized to enter into appropriate arrangements with the Secretary of Defense for the development of pilot projects at Job Corps centers to prepare youth to

qualify for military service. In the event that the Secretary of Labor and the Secretary of Defense agree that such pilot projects should be expanded into permanent programs, the Secretary may establish such permanent programs within the Job Corps, if reimbursement from the Secretary of Defense for not less than 90 percent of the costs attributable to such permanent programs is made available. In addition to the provision of funds, such reimbursement may include the provision of equipment, materials, transportation, technical assistance, or other assistance, as specified by the Secretary.

(e) In order to determine whether community participation as required under section 432 can be improved through the closer involvement of community-based organizations, the Secretary is authorized to undertake one or more pilot projects utilizing community-based organizations of demonstrated effectiveness for Job Corps center operation. For purposes of such pilot projects, the term "community-based organizations" may include nonprofit educational foundations organized on a State or local basis.

ADVISORY BOARDS AND COMMITTEES

SEC. 434. The Secretary is authorized to make use of advisory committees in connection with the operation of the Job Corps, and the operation of Job Corps centers, whenever the Secretary determines that the availability of outside advice and counsel on a regular basis would be of substantial *benefit in identifying and overcoming problems, in planning program or center development, or in strengthening relationships between the Job Corps and agencies, institutions, or groups engaged in related activities.*

PARTICIPATION OF THE STATES

SEC. 435. (a) The Secretary shall take action to facilitate the effective participation of States in the Job Corps programs, including consultation with appropriate State agencies on matters pertaining to the enforcement of applicable State laws, standards of enrollee conduct and discipline, development of meaningful work experience and other activities for enrollees, and coordination with State-operated programs.

(b) The Secretary is authorized to enter into agreements with States to assist in the operation or administration of State-operated programs which carry out the purpose of this part. The Secretary is authorized, pursuant to regulations, to pay part or all of the costs of such programs to the extent such costs are attributable to carrying out the purpose of this part.

(c) No Job Corps center or other similar facility designed to carry out the purpose of this part shall be established within a State unless a notice setting forth such proposed establishment has been submitted to the Governor, and the establishment has not been disapproved by the Governor within thirty days of such submission.

(d) All property which would otherwise be under exclusive Federal legislative jurisdiction shall be under concurrent jurisdiction with the appropriate State and locality with respect to criminal law enforcement as long as a Job Corps center is operated on such property.

APPLICATION OF PROVISIONS OF FEDERAL LAW

SEC. 436. (a) Except as otherwise provided in this subsection and in section 8143(a) of title 5, United States Code, enrollees in the Job Corps shall not be considered Federal employees and shall not be subject to the provisions of law relating to Federal employment, including those regarding hours of work, rates of compensation, leave, unemployment compensation, and Federal employee benefits:

(1) For purposes of the Internal Revenue Code of 1954 (26 U.S.C. 1 et seq.) and title II of the Social Security Act (42 U.S.C. 401 et seq.) enrollees shall be deemed employees of the United States and any service performed by an individual as an enrollee shall be deemed to be performed in the employ of the United States.

(2) For purposes of subchapter I of chapter 81 of title 5, United States Code (relating to compensation to Federal employees for work injuries), enrollees shall be deemed civil employees of the United States within the meaning of the term "employee" as defined in sec-

tion 8101 of title 5, United States Code, and the provisions of that subchapter shall apply except—

(A) the term "performance of duty" shall not include any act of an enrollee while absent from the assigned post of duty of such enrollee, except while participating in an activity (including an activity while on pass or during travel to or from such post or duty) authorized by or under the direction and supervision of the Job Corps;

(B) in computing compensation benefits for disability or death. the monthly pay of an enrollee shall be deemed that received under the entrance salary for a grade GS-2 employee, and sections 8113 (a) and (b) of title 5, United States Code, shall apply to enrollees; and

(C) compensation for disability shall not begin to accrue until the day following the date on which the injured enrollee is terminated.

(3) For purposes of the Federal tort claims provisions in title 28, United States Code, enrollees shall be considered employees of the Government.

(b) Whenever the Secretary finds a claim for damages to persons or property resulting from the operation of the Job Corps to be a proper charge against the United States, and it is not cognizable under section 2672 of title 28, United

States Code, the Secretary is authorized to adjust and settle it in an amount not exceeding $1,500.

(c) Personnel of the uniformed services who are detailed or assigned to duty in the performance of agreements made by the Secretary for the support of the Corps shall not be counted in computing strength under any law limiting the strength of such services or in computing the percentage authorized by law for any grade in such services.

SPECIAL PROVISIONS

SEC. 437. (a) The Secretary shall immediately take steps to achieve an enrollment of 50 percent women in the Job Corps consistent with (1) efficiency and economy in the operation of the program, (2) sound administrative practice, and (3) the socioeconomic, educational, and training needs of the population to be served.

(b) The Secretary shall assure that all studies, evaluations, proposals, and data produced or developed with Federal funds in the course of the Job Corps program shall become the property of the United States.

(c) Transactions conducted by private for-profit contractors for Job Corps centers which they are operating on behalf of the Secretary shall not be considered as generating gross receipts.

GENERAL PROVISIONS

SEC. 438. The Secretary is authorized to—.

(1) disseminate, with regard to the provisions of section 4154 of title 39, United States Code, data and information in such forms as the Secretary shall deem appropriate, to public agencies, private organizations, and the general public;

(2) collect or compromise all obligations to or held by the Secretary and all legal or equitable rights accruing to the Secretary in connection with the payment of obligations until such time as such obligations may be referred to the Attorney General for suit or collection; and

(3) expend funds made available for purposes of this part—

(A) for printing and binding, in accordance with applicable law and regulation; and

(B) without regard to any other law or regulation, for rent of buildings and space in buildings and for repair, alteration, and improvement of buildings and space in buildings rented by the Secretary, except that the Secretary shall not utilize the authority contained in this subparagraph—

(i) except when necessary to obtain an item, service, or facility, which is required in the proper administration of this part, and

which otherwise could not be obtained, or could not be obtained in the quantity or quality needed, or at the time, in the form or under the conditions in which it is needed; and

(ii) prior to having given written notification to the Administrator of General Services (if the exercise of such authority would affect an activity which otherwise would be under the jurisdiction of the General Services Administration) of the Secretary's intention to exercise such authority, the item, service, or facility with respect to which such authority is proposed to be exercised, and the reasons and justifications for the exercise of such authority.

DONATIONS

SEC. 439. The Secretary is authorized to accept on behalf of the Job Corps or individual Job Corps centers charitable donations of cash or other assistance, including but not limited to, equipment and materials, if such donations are available for appropriate use for the purposes set forth in this part.

PART C—NATIONAL PROGRAMS AND ACTIVITIES

MULTISTATE PROGRAMS

SEC. 441. The Secretary shall use funds available under this section to provide services authorized under all titles of this Act for employment and training programs that are most appropriately administered from the national level, such as programs sponsored by public agencies or private organizations that conduct federally assisted activities in more than one State, including programs to—

(1) meet the employment-related needs of individuals who face particular disadvantages in specific and general labor markets or occupations, including offenders, individuals of limited English language proficiency, handicapped individuals, women, single parents, displaced homemakers, youth, older workers, veterans, individuals who lack educational credentials, public assistance recipients, and other individuals whom the Secretary determines require special assistance;

(2) foster new or improved linkages among Federal, State, and local employment and training agencies, State and local educational agencies in accordance with section 132, and components of the private sector, such as the business community, organized labor, and community based organizations;

(3) eliminate or reduce critical skill shortages in the Nation's labor force; and

(4) meet the unique employment and training problems of veterans, including—

(A) programs and activities carried out by grantees in other federally funded employment and training programs, as the Secretary determines have an understanding of the problems of veterans, a familiarity with the area to be served, and a capability to administer effectively a comprehensive employment and training program for veterans;

(B) programs of on-the-job training coordinated, to the maximum extent possible, with benefits authorized under section 1787 of title 38, United States Code;

(C) employability development programs which coordinate and cooperate with the Veterans' Administration's programs of readjustment counseling pursuant to section 612A of such title and veterans assistance offices established pursuant to section 242 of such title;

(D) job placement programs which coordinate and cooperate with the Department of Labor's

Disabled Veterans' Outreach Program authorized under section 2003A of such title; and

(E) demonstrations, in cooperation with the Department of Defense and the Veterans' Administration, to provide preseparation counseling concerning opportunities in the civilian labor market and preseparation job search assistance for individuals who decline to reenlist.

RESEARCH, DEMONSTRATION, AND EVALUATION

SEC. 442. (a) To assist the Nation in expanding work opportunities and assuring access to those opportunities for all who desire it, the Secretary shall establish a comprehensive program of employment and training research, utilizing the methods, techniques, and knowledge of the behavioral and social sciences and such other methods, techniques, and knowledge as will aid in the solution of the Nation's employment and training problems. The program required by this section may include, but need not be limited to, studies concerning the development or improvement of Federal, State, local, and privately supported employment and training programs; labor market processes and outcomes; policies and programs to reduce unemployment and the relationships thereof with price stability and other national goals; productivity of labor; improved means of forecasting and using forecasts of labor supply and demand at the national and sub-

national levels; methods of improving the wages and employment opportunities of low-skilled and disadvantaged workers; measuring and developing policies to eliminate worker shortages; and easing the transition from school to work, from transfer payment receipt to self-sufficiency, from one job to another, and from work to retirement.

(b) The Secretary shall establish a program of experimental, developmental, demonstration, and pilot projects for the purpose of improving techniques and testing the effectiveness of specialized and innovative methods in meeting employment and training problems. Activities may include projects in such areas as easing the transition from school to work, increasing employment of skilled workers critical to defense readiness, and eliminating artificial barriers to employment.

(c)(1) The Secretary shall provide for the continuing evaluation of all programs, activities, and research and demonstration projects conducted pursuant to this Act, including their cost effectiveness in achieving the purposes of this Act, their impact on communities and participants, their implication for related programs, the exte[illegible]*o which they meet the needs of individuals by age, sex, race, and national origin, and the adequacy of the mechanism for the delivery of services. In conducting evaluations, the Secretary shall compare the effectiveness of programs conducted by prime sponsors of*

the same class and of different classes, and shall compare the effectiveness of programs conducted by prime sponsors with similar programs carried out by the Secretary under this Act. The Secretary shall also arrange for obtaining the opinions of participants about the strengths and weaknesses of the programs.

(2) The Secretary shall evaluate the effectiveness of programs authorized under this Act and part C of title IV of the Social Security Act with respect to the statutory goals and objectives, including increases in employment and earnings for participants, duration in training and employment situations, information on the postenrollment labor market experience of program participants for at least a year following their termination from such programs, and comparable information on other employees or trainees of participating employers.

TRAINING AND TECHNICAL ASSISTANCE

SEC. 443. (a) The Secretary, in consultation with appropriate officials, shall provide directly or through grants, contracts, or other arrangements, appropriate preservice and inservice training for specialized, supportive, supervisory, or other personnel, and appropriate technical assistance (including technical assistance for housing for migrant and seasonal farmworkers) with respect to programs under this Act, including the development and attainment of performance *goals. Such activities may include the utilization of training and technical assistance capabilities which exist at the State and prime sponsor level.*

(b) The Secretary shall establish a national clearinghouse to disseminate materials and information gained from exemplary program experience which may be of use in the innovation or improvement of other programs conducted pursuant to this Act.

OFFICE OF MANAGEMENT ASSISTANCE

SEC. 444. (a) The Secretary shall establish an Office of Management Assistance and shall assign to such office such especially qualified accountants, management specialists, and other professionals as may be necessary and available to provide management assistance to any prime sponsor—

(1) seeking the service of such office on its own initiative to assist it in overcoming problems in the management, operation, or supervision of any program or project under this Act; or

(2) identified, pursuant to a complaint investigation, internal audit, or audit or investigation as not being in compliance with any important requirement of this Act, of regulations issued thereunder, or of the community job training plan.

(b) Services under this section may be provided on a reimbursable or nonreimbursable basis, as determined by the

Secretary, and shall be allocated in a manner to assure equitable but effective distribution of such services. The Secretary shall periodically publish any proposals for corrective action made by the Office which may be useful to other prime sponsors.

VETERANS' EMPLOYMENT

SEC. 445. (a) The Secretary shall administer all veterans' employment and training programs through the Assistant Secretary for Veterans' Employment. The Assistant Secretary shall be responsible for the awarding of grants and the distribution of funds for veterans' employment, training, and outreach services.

(b) The Assistant Secretary shall also be directly responsible for establishing proper fiscal controls, accountability, and program performance of grant recipients for veterans' employment, training, and outreach services.

(c) The Assistant Secretary shall encourage recipients of grants or contracts under this section to enter into cooperative arrangements with private industry and business concerns, educational institutions, nonprofit organizations, trade associations, and organized labor in addition to cooperative arrangements with other Federal and State employment and job training agencies to make maximum use of existing programs. Such programs shall place emphasis upon the train-

ing needs of disabled, Vietnam era, and recently separated veterans.

PART D—LABOR MARKET INFORMATION

PURPOSE; AVAILABILITY OF FUNDS

SEC. 451. (a) The purpose of this part is to provide for the development of labor market and occupational information at Federal, State, and local levels to meet the information needs of organizations in planning and delivering services pursuant to this Act.

(b) Funds available for purposes of this part shall also be available for purposes of section 115 (relating to State labor market information).

COOPERATIVE LABOR MARKET INFORMATION PROGRAM

SEC. 452. (a) The Secretary shall develop and maintain a comprehensive system of labor market information on national, State, local and other appropriate bases, which shall be made publicly available in a timely fashion.

(b) Notwithstanding any other provision of law, funds available to other Federal agencies for carrying out chapter 35 of title 44 of the United States Code, the Vocational Education Act of 1963, and the Act of June 6, 1933 (popularly known as the Wagner-Peyser Act), may be made available by the head of each such agency to assist in carrying out the provisions of this section.

(c)(1) In addition to the monthly national unemployment statistics, the Secretary shall develop reliable methods, including the use of selected sample surveys, to produce more statistically accurate data on unemployment by State and local areas, and shall investigate alternative methods to produce more accurate data on underemployment and labor demand by State and local areas.

(2) The Secretary shall assure statistical reliability and national standardized definitions of employment, unemployment, and occupational definitions that shall be utilized for purposes of carrying out paragraph (1).

(d) The Secretary shall develop and maintain for the Nation, State, and local areas, current employment data by occupation and industry, based on the occupational employment statistics program, including selected sample surveys, and projections by the Bureau of Labor Statistics of employment and openings by occupation.

(e) The Secretary shall maintain descriptions of job duties, training and education requirements, working conditions, and characteristics of occupations.

(f) In carrying out the provisions of this section, the Secretary shall assure that—

(1) departmental data collecting and processing systems are consolidated to eliminate overlap and duplication;

(2) the criteria of chapter 35 of title 44 of the United States Code are met; and

(3) statistical reliability and national standardized definitions of employment, unemployment, and occupational definitions are used.

(g)(1) The Secretary shall develop data for an annual statistical measure of labor mark[illegible]*ated economic hardship in the Nation. Among the factors to be considered in developing such a measure are unemployment, labor force participation, involuntary part-time employment, and full-time employment at wages less than the poverty level.*

(2) The Secretary shall develop and maintain, on national, State, local, and other appropriate bases, household budget data at different levels of living, including a level of adequacy, to reflect the differences of household living costs in regions and localities, both urban and rural.

(3) The Secretary shall publish, at least annually, a report relating labor force status to earnings and income.

(h) The Secretary shall develop and maintain statistical data relating to closings of mines and manufacturing plants or facilities employing 50 or more workers. The Secretary shall publish a report based upon such data as soon as practicable after the end of each calendar year. Each such report shall include data regarding—

(1) the number of such closings during the calendar year involved;

(2) the number of workers displaced by such closings;

(3) the location of the closed plants or facilities; and

(4) the types of industries involved in such closings.

(i) The Secretary shall set aside, out of sums available to the Department for any fiscal year (including sums available for this title), an amount which the Secretary determines is necessary and appropriate to carry out the provisions of this section, and shall, no later than sixty days after such sums are appropriated and made available, notify the appropriate committees of the Congress of the amount so set aside and the basis for the determination of need and appropriateness.

FEDERAL RESPONSIBILITIES

SEC. 453. (a) The Secretary, in cooperation with the Secretary of Commerce, the Secretary of Defense, the Secretary of the Treasury, the Secretary of Education, and the Director of the Office of Management and Budget, shall—

(1) review the need for and the application of all operating national data collection and processing systems in order to identify gaps, overlap, and duplica-

tions, and integrate at the national level currently available data sources in order to improve the management of information systems;

(2) maintain, assure timely review, and implement national standardized definitions with respect to terms, geographic areas, timing of collection, and coding measures, to the maximum extent feasible; and

(3) provide technical assistance to the States in the development, maintenance, and utilization of labor market and occupational supply and demand information systems and projections of supply and demand, with special emphasis on assistance in the utilization of cost efficient automated systems and improving access of individuals to career opportunities information in local and State labor markets.

(b) The Secretary, in cooperation with the Secretary of Defense, shall assure the development of an integrated occupational supply and demand information system to be used by States and, in particular, in secondary and postsecondary educational institutions in order to assure youth adequate information on career opportunities in the Armed Forces.

(c) The Secretary and the Director of the Office of Management and Budget shall assure that, from the funds reserved for this part, sufficient funds are available to provide

staff at the Federal level to assure the coordination functions described in this section.

NATIONAL OCCUPATIONAL INFORMATION COORDINATING COMMITTEE

SEC. 454. (a)(1) Of the amounts available for this part, not less than $5,000,000 shall be reserved for the National Occupational Information Coordinating Committee (established pursuant to section 161(b) of the Vocational Education Act of 1963) to assure the coordination of functions as required by this part. In addition to the members required by such Act, the Committee shall include the Assistant Secretary of Commerce for Economic Development and the Assistant Secretary of Defense for Manpower, Reserve Affairs, and Logistics.

(2) Not less than 75 percent of the funds transferred by the Secretary to the National Occupational Information Coordinating Committee shall be used to support State occupational information coordinating committees.

(b) In addition to its responsibilities under the Vocational Education Act of 1963, the National Occupational Information Coordinating Committee shall—

(1) review the need for and the application of all national and cooperative Federal-State data collection and processing systems related to occupational information, to identify gaps, overlap, and duplication, and

provide recommendations to the Office of Management and Budget and data producing agencies for integrating and improving such systems;

(2) encourage the use of nationally standardized definitions and coding measures with respect to occupational information;

(3) give special attention to the labor market information needs of youth and adults, including activities such as (A) assisting and encouraging States to adopt methods of translating national occupational outlook information into State and local terms; (B) assisting and encouraging the development of State occupational information systems, including career information delivery systems and the provision of technical assistance for programs of on-line computer systems and other facilities to provide career information at sites such as local schools, public employment service offices, and job training programs authorized under this Act; (C) in cooperation with educational agencies and institutions, encouraging programs providing career information, counseling, and employment services for postsecondary youth; and (D) in cooperation with State and local correctional agencies, encouraging programs of counseling and employment services for youth and adults in correctional institutions;

(4) provide training and technical assistance, and continuing support to State occupational information coordinating committees, in the development, maintenance, and use of occupational supply and demand information systems, with special emphasis on the use of cost efficient automated systems for delivering occupational information to planners and administrators of education and training programs and on improving the access of such planners and administrators to occupational information systems;

(5) publish at least annually a report on the status of occupational information capabilities at the State and national levels, which may include recommendations for improvement of occupational information production and dissemination capabilities;

(6) conduct research and demonstration projects designed to improve any aspect of occupational and career information systems;

(7) provide technical assistance for programs designed to encourage public and private employers to list all available job opportunities with occupational information and career counseling programs conducted by prime sponsors and with local public employment service offices and to encourage cooperation and contact

among such employers and such prime sponsors and public employment service offices; and

(8) providing assistance to prime sponsors and private industry councils to familiarize them with labor market information resources available to meet their needs.

(c) All funds available to the National Occupational Information Coordinating Committee under this Act, under section 161 of the Vocational Education Act of 1963, and under section 12 of the Career Education Act may be used by the Committee to carry out any of its functions and responsibilities authorized by law.

JOB BANK PROGRAM

SEC. 455. The Secretary shall establish and carry out a nationwide computerized job bank and matching program (including the listing of all suitable employment openings with local offices of the State employment service agencies by Federal contractors and subcontractors and providing for the affirmative action as required by section 2012(a) of title 38, United States Code) on a regional, State, and local basis, using electronic data processing and telecommunications systems to the maximum extent possible for the purpose of identifying sources of available individuals and job vacancies, providing an expeditious means of matching the qualifications of unemployed, underemployed, and economically dis-

advantaged individuals with employer requirements and job opportunities, and referring and placing such individuals in jobs. An occupational information file shall be developed, containing occupational projections of the numbers and types of jobs on regional, State, local, and other appropriate bases, as well as labor supply information by occupation.

PART E—NATIONAL COMMISSION ON EMPLOYMENT AND PRODUCTIVITY

STATEMENT OF PURPOSE

SEC. 461. The purpose of this part is to establish a National Commission on Employment and Productivity which shall have the responsibility for examining broad issues of development, coordination, and administration of employment and training programs, and for advising the President and the Congress on national employment and training issues. For the purpose of providing funds for the Commission, the Secretary shall reserve $2,000,000 of the sums appropriated for this title for each fiscal year.

COMMISSION ESTABLISHED

SEC. 462. (a) There is established a National Commission on Employment and Productivity (formerly known as the National Commission on Employment Policy and hereinafter in this part referred to as the "Commission"). The Commission shall be composed of 19 members, 15 of whom shall be appointed by the President. Two members shall be *appointed by, and serve at the pleasure of, the Speaker of the House of Representatives, and two members shall be appointed by, and serve at the pleasure of, the majority leader of the Senate. The members of the Commission shall be individuals who are nationally prominent and the Commission shall be broadly representative of agriculture, business, labor, commerce, education (including elementary, secondary, postsecondary, and vocational and technical education), veterans, current State and local elected officials, community-based organizations, assistance programs, and members of the general public with expertise in human resource development or employment and training policy. The membership of the Commission shall be generally representative of significant segments of the labor force, including women and minority groups.*

(b) The term of office of each member of the Commission appointed by the President under subsection (a) shall be three years, except that—

(1) any such member appointed to fill a vacancy shall serve for the remainder of the term for which his predecessor was appointed, and

(2) of such members first taking office—

(A) five shall serve for terms of one year;

(B) five shall serve for terms of two years; and

(C) five shall serve for terms of three years; as designated by the President at the time of appointment.

(c)(1) The Chairman shall be selected by the President.

(2) The Commission shall meet not fewer than three times each year at the call of the Chairman.

(3) A majority of the members of the Commission shall constitute a quorum, but a lesser number may conduct hearings. Any recommendation may be passed only by a majority of the members present. Any vacancy in the Commission shall not affect its powers but shall be filled in the same manner in which the original appointment was made.

(d) The Chairman (with the concurrence of the Commission) shall appoint a Director, who shall be chief executive officer of the Commission and shall perform such duties as are prescribed by the Chairman.

FUNCTIONS OF THE COMMISSION

SEC. 463. The Commission shall—

(1) identify the employment goals and needs of the Nation, and assess the extent to which employment and training, vocational education, institutional training, vocational rehabilitation, economic opportunity programs, public assistance policies, employment-related tax policies, labor exchange policies, and other policies and programs under this Act and related Acts rep-

resent a consistent, integrated, and coordinated approach to meeting such needs and achieving such goals;

(2) develop and make appropriate recommendations designed to meet the needs and goals described in clause (1);

(3) examine and evaluate the effectiveness of any federally assisted employment and training programs (including programs assisted under this Act), with particular reference to the contributions of such programs to the achievement of objectives sought by the recommendations made under clause (2);

(4) advise the Secretary on the development of national performance criteria for programs conducted pursuant to this Act;

(5) evaluate the impact of tax policies on employment and training opportunities;

(6) examine and evaluate major Federal programs which are intended to, or potentially could, contribute to achieving major objectives of existing employment and training and related legislation or the objectives set forth in the recommendations of the Commission, and particular attention shall be given to the programs which are designed, or could be designed, to develop information and knowledge about employment and training problems through research and demonstration proj-

ects or to train personnel in fields (such as occupational counseling, guidance, and placement) which are vital to the success of employment and training programs;

(7)(A) identify, after consultation with the National Advisory Council on Vocational Education, the employment and training and vocational education needs of the Nation and assess the extent to which employment and training, vocational education, rehabilitation, and other programs assisted under this and related Acts represent a consistent, integrated, and coordinated approach to meeting such needs; and

(B) comment, at least once annually, on the reports of the National Advisory Council on Vocational Education, which comments shall be included in one of the reports submitted by the National Commission pursuant to this title and in one of the reports submitted by the National Advisory Council on Vocational Education pursuant to section 162 of the Vocational Education Act of 1963;

(8) study and make recommendations on how, through policies and actions in the public and private sectors, the Nation can attain and maintain full employment, with special emphasis on the employment

difficulties faced by the segments of the labor force that experience differentially high rates of unemployment;

(9) identify and assess the goals and needs of the Nation with respect to economic growth and work improvements, including conditions of employment, organizational effectiveness and efficiency, alternative working arrangements, and technological changes;

(10) evaluate the effectiveness of training provided with Federal funds in meeting emerging skill needs; and

(11) study and make recommendations on the use of advanced technology in the management and delivery of services and activities conducted under this Act.

ADMINISTRATIVE PROVISIONS

SEC. 464. (a) Subject to such rules and regulations as may be adopted by the Commission, the Chairman is authorized to—

(1) prescribe such rules and regulations as may be necessary;

(2) appoint and fix the compensation of such staff personnel as the Chairman deems necessary, and without regard to the provisions of title 5, United States Code, governing appointments in the competitive service, and without regard to the provisions of chapter 51 and subchapter III of chapter 53 of such title, relating

to classification and the General Schedule pay rates, appoint not to exceed three additional professional personnel;

(3) procure the services of experts and consultants in accordance with section 3109 of title 5, United States Code;

(4) accept voluntary and uncompensated services of professional personnel, consultants, and experts, notwithstanding any other provision of law;

(5) accept in the name of the United States and employ or dispose of gifts or bequests to carry out the functions of the Commission under this title;

(6) enter into contracts and make such other arrangements and modifications, as may be necessary;

(7) conduct such studies, hearings, research activities, demonstration projects, and other similar activities as the Commission deems necessary to enable the Commission to carry out its functions under this title;

(8) use the services, personnel, facilities, and information of any department, agency, and instrumentality of the executive branch of the Federal Government and the services, personnel, facilities, and information of State and local public agencies and private research agencies, with the consent of such agencies, with or without reimbursement therefor; and

(9) make advances, progress, and other payments necessary under this Act without regard to the provisions of section 3648 of the Revised Statutes (31 U.S.C. 529).

(b) Upon request made by the Chairman of the Commission, each department, agency, and instrumentality of the executive branch of the Federal Government is authorized and directed to make its services, personnel, facilities, and information (including computer-time, estimates, and statistics) available to the greatest practicable extent to the Commission in the performance of its functions under this Act.

REPORTS

SEC. 465. The Commission shall make at least annually a report of its findings and recommendations to the President and to the Congress. The Commission may make such interim reports or recommendations to the Congress, the President, the Secretary, or to the heads of other Federal departments and agencies, and in such form, as it may deem desirable. The Commission shall include in any report made under this section any minority or dissenting views submitted by any member of the Commission.

TITLE V—AMENDMENTS TO OTHER LAWS

WAGNER-PEYSER ACT AMENDMENTS

SEC. 501. (a) The Act of June 6, 1933, popularly known as the Wagner-Peyser Act (29 U.S.C. 49 et seq.), is *amended by striking out subsections (a) and (b) of the first section of such Act and inserting in lieu thereof the following:*

"(a) The Secretary of Labor is directed to promote a national system of public employment offices.

"(b) There shall be maintained in the Department of Labor a United States Employment Service.".

(b) Such Act is further amended by inserting after section 5 the following:

"Sec. 6. (a)(1) Subject to paragraphs (2) and (3), the Secretary shall allocate the sums appropriated and certified pursuant to section 5 of this Act for each fiscal year among the States based on giving equal weight to each of the following factors:

"(A) the relative number of individuals in the civilian labor force in each State as compared to the total number of such individuals in all States; and

"(B) the relative number of unemployed individuals in each State as compared to the total number of such individuals in all States,

For purposes of this paragraph, the number of individuals in the civilian labor force and the number of unemployed individuals shall be based on data for the preceding calendar year, as determined by the Secretary of Labor.

"(2) Prior to making allocations in accordance with paragraph (1), the Secretary shall provide to each State for

each fiscal year such share of the total sums allocated as is equal to 90 percent of the share which each such State received of the total allocations under this Act for the preceding fiscal year.

"(3) For each fiscal year, no State shall receive a total allocation under paragraphs (1) and (2) which is less than 0.28 percent of the total amount available for allocation.

"(b) Ten percent of the sums allocated to each State pursuant to subsection (a) shall be reserved for use in accordance with subsection (d) and the remainder of such sums may be used—

"(1) for job search and placement services to job seekers including counseling, testing, occupation and labor market information, assessment and referral to employers;

"(2) for appropriate recruitment services and special technical services for employers; and

"(3) for any of the following activities:

"(A) evaluation of programs;

"(B) developing linkages between services funded under this Act and related Federal or State legislation, including the provision of labor exchange services at education sites;

"(C) providing services for workers who have received notice of permanent layoff or impending

layoff, or workers in occupations which are experiencing limited demand due to technological change, impact of imports, or plant closures;

"(D) developing and providing labor market and occupational information;

"(E) developing a management information system and compiling and analyzing reports therefrom; and

"(F) administering the work test for the State unemployment compensation system and providing job finding and placement services for unemployment insurance claimants.

"(c) In addition to the activities described in subsection (b), the United States Employment Service may perform such other labor market-related services as are specified in reimbursable contracts with other Federal or State departments and agencies.

"(d) The portion of each State's allocation reserved for use in accordance with this subsection shall be used by the Governor of each such State to provide—

"(1) performance incentives for public employment service offices and programs, consistent with national criteria established by the Secretary, taking into account direct or indirect placements (including those resulting from self-directed job search or group job

search activities assisted by such offices or programs), wages on entered employment, retention, and other appropriate factors;

"(2) services for groups with special needs, carried out pursuant to joint agreements between the employment service and prime sponsors or other public or private nonprofit agencies; and

"(3) the extra costs of exemplary models for delivering services of the types described in subsection (b).".

(c) Section 8 of such Act is amended by striking out "Director" each place it appears and inserting in lieu thereof "Secretary of Labor", and by inserting after the first sentence thereof the following: "Prior to submission of the plan to the Secretary—

"(1) the employment service shall develop jointly with each prime sponsor (designated under the Job Training Partnership Act) those components of the plan applicable to the area served by each such prime sponsor;

"(2) such plan shall be transmitted to the State employment and training coordinating council (established under such Act) which shall certify the plan if it determines (A) that the plan was jointly agreed to by the employment service and each prime sponsor within

the State; and (B) that the plan is consistent with the Governor's coordination and special services plan under such Act;

"(3) if the State employment and training coordinating council does not certify that the plan meets the requirements of clauses (A) and (B) of paragraph (2), such plan shall be returned to the employment service for a period of thirty days for it to consider, jointly with any affected prime sponsor, the Council's recommendations for modifying the plan; and

"(4) if the employment service and any such prime sponsor fail to reach agreement upon the plan to be submitted finally to the Secretary, the plan submitted by the State agency shall be accompanied by such proposed modifications as may be recommended by any disagreeing prime sponsor, and the State employment and training coordinating council shall transmit to the Secretary its recommendations for resolution thereof.

The Governor of the State shall be afforded the opportunity to review and transmit to the Secretary proposed modifications of the plan submitted.".

AMENDMENTS TO PART C OF TITLE IV OF THE SOCIAL SECURITY ACT

Sec. 502. (a) Section 430 of the Social Security Act is amended by inserting "who have applied for or are" after "under which individuals".

(b) Section 431 of such Act is amended by striking out subsection (b) and by redesignating subsection (c) as subsection (b).

(c) Section 432(d) of such Act is amended to read as follows:

"(d) In providing the training and employment services and opportunities required by this part, the Secretary of Labor shall, to the maximum extent feasible, assure that such services and opportunities are provided by using all authority available under this or any other Act. In order to assure that the services and opportunities so required are provided, the Secretary of Labor shall (1) assure, to the maximum extent feasible, that registrants under this part receive employment and training services under the Job Training Partnership Act, and (2) use the funds appropriated under this part to provide programs required by this part through such other Acts to the same extent and under the same conditions (except as regards the Federal matching percentage) as if appropriated under such other Act and, in making use of the programs of other Federal, State, or local agencies (public or

private), the Secretary of Labor may reimburse such agencies for services rendered to individuals under this part to the extent such services and opportunities are not otherwise available on a nonreimbursable basis.".

(d)(1) Section 432(f) of such Act is amended—

(A) by amending paragraph (1) to read as follows:

"(f)(1) The Secretary of Labor shall utilize the services of the private industry council for each prime sponsor (as established under the Job Training Partnership Act) to identify and provide advice on the types of jobs available or likely to become available in the area served by the prime sponsor.";

(B) by striking out paragraph (2) and redesignating paragraph (3) as paragraph (2); and

(C) by striking out "Labor Market Advisory Council" in such paragraph and inserting in lieu thereof "private industry council".

(2) Section 433(b)(2) of such Act is amended by striking out "Labor Market Advisory Council (established pursuant to section 432(f))" and inserting in lieu thereof "private industry council under the Job Training Partnership Act".

(e)(1) Subsection (a) of section 433 of such Act is amended to read as follows:

"SEC. 433. (a)(1) In carrying out this part, the Secretary shall—

"(A) provide for the registration of all individuals who are required (or volunteer) to register for employment and training services under section 402(a)(19);

"(B) arrange for the provision of job search assistance, including supportive services, for all such registrants to enable them to obtain employment in the regular economy;

"(C) following the provision of intensive search assistance services, refer all registrants who have not been placed in unsubsidized employment to the appropriate prime sponsor for employment and training services authorized under the Job Training Partnership Act;

"(D) place registrants who have not already obtained unsubsidized jobs and who are not currently being served under the Job Training Partnership Act in other employment and training activities authorized by this or any other Act; and

"(E) require all registrants to participate in the intensive job search assistance program at the times and in the manner specified in this subsection, unless the Secretary determines that the registrant should be partially or fully exempt from this participation requirement because the registrant is incapable of effectively participating in the intensive job search assist-

ance program because of a physical, mental, or other work-impairing problem, in which case the Secretary may provide short term training (such as English language training) or other services which are determined to be essential to prepare the individual for participation in the intensive job search program.

"(2) All new registrants shall be required to participate, for a period of not less than five nor more than eight weeks, in an intensive job search assistance program immediately following their registration. To the maximum extent feasible, intensive job search services shall be provided to registrants through self-directed job search or group job search activities with daily attendance of registrants. Following completion of the initial intensive job search assistance program, continuing job search assistance services may be provided at appropriate intervals to registrants. Intensive job search services shall be provided to registrants each twelve months following the completion of the initial or any succeeding intensive job search period.".

(2) Section 433 of such Act is amended by adding at the end thereof the following new subsection:

"(i) In planning for activities under this section, the administrative unit of each State shall make every effort to coordinate such activities with activities provided by the prime sponsor under the Job Training Partnership Act.".

REPEAL; TRANSITION PROVISIONS

SEC. 503. (a) Effective October 1, 1982, the Comprehensive Employment and Training Act is repealed.

(b)(1) The Secretary shall, from funds appropriated pursuant to this Act, provide financial assistance, in the same manner that such assistance was provided under the Comprehensive Employment and Training Act (as in effect on the day before the date of the enactment of this Act), to the extent necessary to provide for the orderly transition of employment and training programs carried out under such Act and to provide continued financial assistance for such programs.

(2) The authority of the Secretary established in paragraph (1) shall expire at the end of September 30, 1983. The Commission established by title V of the Comprehensive Employment and Training Act shall continue to be authorized until such date; and on such date the personnel, property, and records of such Commission shall be transferred to the Commission established by part E of title IV of this Act.

(3) Nothing in this subsection shall be construed to prohibit any prime sponsor, prior to the expiration of the Secretary's authority (as specified in paragraph (2)), from carrying out the provisions of this Act with respect to—

(A) consolidation of program activities;

(B) establishment of uniform eligibility criteria;

(C) establishment of private industry councils; or

(D) conduct of any activity authorized under this Act.

(c) Real or personal property acquired by prime sponsors with funds provided under the Comprehensive Employment and Training Act which are not transferred or otherwise made available to prime sponsors under this Act by September 30, 1983, shall, to the extent consistent with applicable law, revert to the United States.

I

97TH CONGRESS
2D SESSION

H. R. 5461

To increase the productive capacity and utilization of the Nation's labor force, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

FEBRUARY 4, 1982

Mr. JEFFORDS introduced the following bill; which was referred to the Committee on Education and Labor

---

A BILL

To increase the productive capacity and utilization of the Nation's labor force, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SHORT TITLE; TABLE OF CONTENTS

SECTION 1. This Act, with the following table of contents, may be cited as the "Productivity and Human Investment Act".

TABLE OF CONTENTS

Sec. 1. Short title; table of contents.
Sec. 2. Statement of purpose.
Sec. 3. Authorization.
Sec. 4. Distribution of funds.
Sec. 5. Definitions.

TITLE I—LABOR MARKET AREA INVESTMENT ACTIVITIES

PART A—GENERAL PROVISIONS

Sec. 101. Statement of purpose.
Sec. 102. Distribution of funds.
Sec. 103. Labor market areas.
Sec. 104. Labor market areas labor force investment boards.
Sec. 105. Administration of labor market area investment activities.
Sec. 106. Labor force investment plans.
Sec. 107. Flexibility.
Sec. 108. Wages and allowances.

PART B—YOUTH PREPARATORY PROGRAMS

Sec. 121. Statement of purpose.
Sec. 122. Allocation.
Sec. 123. Education for employment.
Sec. 124. Preemployment skills training.
Sec. 125. Entry employment experience.
Sec. 126. School-to-work transition assistance.

PART C—REMEDIATION AND TRAINING ACTIVITIES

Sec. 131. Statement of purpose.
Sec. 132. Allocation.
Sec. 133. Eligibility.
Sec. 134. First-tier training and remediation activities.
Sec. 135. Second-tier activities.
Sec. 136. Job access assistance.

PART D—LABOR-EXCHANGE ACTIVITIES

Sec. 141. Statement of purpose.
Sec. 142. Allocation.
Sec. 143. Administration.
Sec. 144. Labor force services.
Sec. 145. Employer services.
Sec. 146. Labor market and occupational information.

TITLE II—STATE RESPONSIBILITIES

PART A—GENERAL PROVISIONS

Sec. 201. Statement of purpose.
Sec. 202. Allocation.
Sec. 203. Distribution of funds.
Sec. 204. State labor force investment boards.
Sec. 205. State labor force investment plan.

PART B—OVERSIGHT AND SUPPORT OF LABOR MARKET AREA ACTIVITIES

Sec. 221. Statement of purpose.
Sec. 222. Designation of labor market areas.
Sec. 223. Labor market area investment plan review and approval.
Sec. 224. Auditing and monitoring.
Sec. 225. Reports.
Sec. 226. Competency standards and certifications.

Sec. 227. State labor market information programs.
Sec. 228. Technical assistance.

PART C—STATE INCENTIVE GRANTS

Sec. 231. Statement of purpose.
Sec. 232. Administration.
Sec. 233. Allowable activities.

PART D—STATE-OPERATED INVESTMENT ACTIVITIES

Sec. 241. Statement of purpose.
Sec. 242. Distribution of funds.
Sec. 243. State operated business/labor advanced career training.
Sec. 244. Relocation assistance.
Sec. 245. Special needs groups programs.

TITLE III—FEDERAL RESPONSIBILITIES

PART A—GENERAL PROVISIONS

Sec. 301. Statement of purpose.
Sec. 302. Distribution of funds.
Sec. 303. Federal interagency linkages.
Sec. 304. Annual reports.

PART B—FEDERALLY OPERATED PROGRAMS

Sec. 321. Statement of purpose.
Sec. 322. Job Corps.
Sec. 323. Economic distress programs.
Sec. 324. Native American labor force investment programs.
Sec. 325. Migrant and seasonal farmworker investment program.
Sec. 326. National business/labor advanced career training.
Sec. 327. Federal labor market information program.

PART C—OVERSIGHT OF STATE AND LABOR MARKET AREA INVESTMENT ACTIVITIES

Sec. 331. Statement of purpose.
Sec. 332. Fiscal controls.
Sec. 333. Reporting requirements.
Sec. 334. Private sector involvement.
Sec. 335. Performance supplements.

PART D—PROGRAM IMPROVEMENT AND SUPPORT

Sec. 341. Statement of purpose.
Sec. 342. Distribution of funds.
Sec. 343. Improvement and development grants to States.
Sec. 344. Federal research and evaluation.
Sec. 345. Support of national intermediaries.

PART E—NATIONAL LABOR FORCE INVESTMENT BOARD

Sec. 351. Statement of purpose.
Sec. 352. Organization of board.
Sec. 353. Administrative provisions.

STATEMENT OF PURPOSE

SEC. 2. (a) It is the purpose of the Act to increase the productive capacity and utilization of our Nation's labor force by—

(1) better preparing young Americans for entry into the adult labor market and facilitating the transition from school to work, so that all youth have an opportunity to gain the rudimentary competencies required by employers and so that all school leavers have equal access to career training and employment opportunities;

(2) enhancing the jobs skills of unemployed and underemployed adults and young adults through training, education, and other remedial services of adequate intensity, quality and duration, to assure as a minimum, the capacity for self-support, and to offer, as far as possible, options for substantial career advancement commensurate with individual ability and commitment; and

(3) maintaining an effective labor exchange and providing placement, job search assistance, assessment, and counseling to all jobseekers in order to shorten the period of job search, to forestall dependency among employable individuals, and to improve the matching of workers and jobs.

(b) To achieve these goals, this Act seeks to rationalize the use of Federal resources previously authorized under the Comprehensive Employment and Training Act of 1973, the Wagner-Peyser Act of 1933, the National Apprenticeship Act of 1937, and the Social Security Act, part C, title IV of 1968, as well as to provide a framework for integration with activities authorized under the Trade Adjustment Assistance Act of 1962, the Rehabilitation Act of 1973, the Vocational Education Act of 1963, and the Revenue Act of 1978, title III, subtitle C.

AUTHORIZATIONS

SEC. 3. (a) There are authorized to be appropriated for fiscal year 1983 to carry out the Comprehensive Employment and Training Act and the Wagner-Peyser Act, $3,600,000,000. Funds so appropriated which are available to the Secretary of Labor for discretionary allocation may be used for the purposes specified in subsection (b)(1).

(b)(1) There are authorized to be appropriated for fiscal year 1983 such sums as may be necessary to support transition activities (such as planning and preparation for implementation of the requirements of this Act) by delivery institutions, labor market areas, and State and Federal agencies.

(2) Funds appropriated pursuant to paragraph (1) of this subsection shall be allocated among States and units of local

government in accordance with regulations prescribed by the Secretary of Labor.

(c) There are authorized to be appropriated to carry out this Act—

(1) $4,000,000,000 for fiscal year 1984;

(2) $4,400,000,000 for fiscal year 1985; and

(3) such sums as may be necessary for each succeeding fiscal year.

(d)(1) For the purpose of affording adequate notice of funding available under this Act, appropriations under this Act are authorized to be included in an appropriation Act for the fiscal year preceding the fiscal year for which they are first available for obligation.

(2) In order to effect a transition to the advance funding method of timing appropriation action, the provisions of this subsection shall apply notwithstanding that its initial application will result in the enactment in the same year (whether in the same appropriation Act or otherwise) of two separate appropriations, one for the then current fiscal year and one for the succeeding fiscal year.

(e) Effective October 1, 1983, the Comprehensive Employment and Training Act is repealed.

DISTRIBUTION OF FUNDS

SEC. 4. Of the sums available for carrying out the provisions of this Act—

(1) 50 percent shall be available for title I, labor market area investment activities;

(2) 15 percent shall be available for title II, State responsibilities; and

(3) 35 percent shall be available for title III, Federal responsibilities.

DEFINITIONS

SEC. 5. For purposes of this Act—

(1) the term "LMA investment board" means a labor force investment board established in accordance with section 104; and

(2) the term "State investment board" means a State labor force investment board established in accordance with section 204.

TITLE I—LABOR MARKET AREA INVESTMENT ACTIVITIES

PART A—GENERAL PROVISIONS

STATEMENT OF PURPOSE

SEC. 101. It is the purpose of this title to establish youth preparatory programs, remediation and training opportunities for adults and young adults, and labor-exchange activities which will be adapted to the needs and conditions of labor market areas through localized planning, decisionmaking, and management under State oversight and consistent with Federal regulations.

DISTRIBUTION OF FUNDS

SEC. 102. Of the resources available under this title—

(1) 30 percent shall be available for part B, youth preparatory programs;

(2) 30 percent shall be available for part C, remediation and training;

(3) 30 percent shall be available for part D, labor-exchange activities; and

(4) 10 percent shall be available to local boards for management, oversight and planning for investment activities authorized under this title.

LABOR MARKET AREAS

SEC. 103. (a) Each State shall be divided into labor market areas by the Governor, with the approval of the State investment board, in accordance with section 222 of this Act.

(b) The units of general purpose local government for the jurisdictions constituting the labor market areas shall be subgrantees of the States, subject to terms and conditions established by the States to assure compliance with this Act and Federal regulations.

LABOR MARKET AREA LABOR FORCE INVESTMENT BOARDS

SEC. 104. (a) An independent labor force investment board shall be established in each labor market area as follows:

(1) The LMA investment board members shall be appointed by the chief elected official (in the case of labor market areas comprised of a single unit of general purpose local government) or jointly by the chief elected officials of each such unit in the labor market area (in the case of areas composed of more than one such unit). If joint agreement cannot be reached, each such unit shall make appointments to the LMA investment board based on the shares of the eligible population in the labor market area. Members terms shall be three years, except that the terms of members first appointed may be of shorter duration to permit the staggering of such terms.

(2) The members appointed to the LMA investment board shall represent business, labor organizations, community-based organizations, veterans' and handicapped organizations, the eligible population, secondary, postsecondary, and national education institutions, and public assistance agencies, except that—

(A) in no event should representatives of industry and business constitute less than a majority on the LMA investment board and, whenever possible, shall include representatives from small businesses;

(B) representatives of the private sector shall be owners of businesses, chief executive, or chief operating officers of for-profit organizations, or other officers of businesses who have, or have had, profit and loss responsibility for an autonomous part of a business; and

(C) the industry, business, and labor representatives shall be designated as a private sector committee of the LMA investment board and, in the development of the plan, no contracting and management procedures, competency standards, and procedures used in employer-related activities (such as placement and job development), shall be adopted without the approval of such committee.

(b) The LMA investment board shall have responsibility for planning for the use of all resources provided to labor market areas under formula grants, State incentive grants, and Federal performance supplements. The board shall decide on target group priorities among significant segments of the population, the mix of allowable services, and the most appropriate service providers.

(c) The LMA investment boards shall (1) serve the purposes of prime sponsor planning councils, youth councils, private industry councils, and joint labor/management councils as previously mandated under the Comprehensive Employment and Training Act, and labor market advisory councils under the work incentive program, and local advisory councils under the Wagner-Peyser Act; (2) have responsibilities for coordinating apprenticeship activities and occupational information within the labor market area; (3) where designated by the State, serve as labor market area advisory councils for vocational education and vocational rehabilitation activities in the labor market area; and (4) where designated by the State or labor market area elected officials, coordinate economic development planning and enterprise zone planning with labor force investment activities.

ADMINISTRATION OF LABOR MARKET AREA INVESTMENT ACTIVITIES

SEC. 105. (a)(1) The LMA investment board shall establish a contracting, monitoring, and reporting system, consistent with the guidelines specified at the State and Federal levels.

(2) Each LMA investment board is authorized to obtain the services of such professional, technical, and clerical personnel as may be necessary to carry out its functions under this Act.

(3) The LMA investment board may, subject to approval of chief elected officials of jurisdictions in the labor market area—

(A) be constituted as a nonprofit corporation, with administrative and planning staff hired as employees of the corporation;

(B) utilize employees of the general local governments in the labor market area as administrative and planning staff; or

(C) contract with a for-profit or not-for-profit managing agent.

(b) In order to assure objective management and oversight, and to maximize competition in the choice of service providers under this Act, the LMA investment boards and their administrative units shall not, except as permitted by the State investment board, be eligible to provide services to eligible participants.

(c)(1) The LMA investment board may contract with local and State agencies, community-based organizations, labor organizations, local educational agencies, postsecondary and vocational education institutions, other nonprofit institutions, and for-profit providers.

(2) Delivery agents should be selected on the basis of their ability to provide the most efficient and effective services. The LMA investment board shall assure that consideration is given to the utilization of public vocational education institutions and local education agency facilities and programs in the provision of investment activities.

(3) To the maximum extent feasible, performance-based contracting should be utilized.

(4) Where there are limited numbers of delivery agents in the labor market area, the LMA investment board may support the establishment of special-purpose nonprofit groups, including local chapters of nationally networked programs of demonstrated effectiveness.

(d) Ten percent of funds provided to the labor market areas through needs-based formula allocation, State incentive grants and Federal performance supplements, may be utilized for planning, contract management, monitoring, and reporting by the LMA investment board and its administrative unit or administrative agent.

LABOR FORCE INVESTMENT PLANS

SEC. 106. (a)(1) Every 2 years, the labor market area shall submit a labor force investment plan to the State.

(2) The labor force investment plan shall describe in detail the proposed use of all funds provided by needs-based formula, State incentive grants, and Federal performance supplements.

(3) The investment plan shall—

(A) include a comprehensive labor market analysis and assessment of the economic conditions in the area;

(B) describe the eligible population by race, sex, national origin, handicapped status, age and typology of labor market problems, including barriers to employment encountered by the eligible population;

(C) indicate the proposed activities and services for participants from these significant segments;

(D) identify the delivery agents for investment activities;

(E) indicate the methods by which residents of the labor market area will be selected for statewide and Federal advanced business/labor training opportunities and Job Corps;

(F) evaluate performance of investment activities over the prior 2 years;

(G) specify labor market area policies concerning incentive stipends for participant performance, selection procedures for advanced training participants, and competency-standards and curricula used in education, remediation, and training activities, consistent with Federal and State guidelines; and

(H) describe the measures taken to assure that academic credit is given by an accredited educational agency or institution or agency in the State for investment activities purporting to lead to a secondary school diploma or an accredited certificate of completion, in accordance with applicable State law, regulation, and policy.

(4) The plans shall be approved by local elected officials of jurisdictions within the labor market area before submission to the Governor.

(5) The chief elected officials of jurisdictions in the labor market area must approve the investment plan before submission to the State, except that—

(A) in the event of a failure of such officials to resolve their differences the LMA investment board of a labor market area can appeal to the State investment board; and

(B) the State shall determine whether the recommendations of the investment board or the chief elected officials best meet the purposes and requirements of this title.

(b)(1) The State investment board shall review each local investment plan to determine whether it is complete, whether it meets the requirements of this Act, the regulations promulgated under this Act, and other applicable laws, and whether it is adequately designed to carry out an effective and well-administered program.

(2) The State investment board shall require the LMA investment board of a labor market area to take such actions as deemed necessary to bring the plan into conformance with this Act and to improve the performance of the labor market area's investment activities, if these are found to be deficient.

(3) The State investment board may disapprove any or all of the plan which it deems out of compliance, and specify the reasons for disapproval.

(4) The LMA investment board of a labor market area may appeal to the Secretary of Labor if it is dissatisfied with the final action of the State with respect to the disapproval of some or all of its comprehensive plan.

(c) Where changes in labor market conditions, the performance of delivery agents, or other factors result in a substantial deviation from an approved investment plan of a labor market area, the LMA investment board of that labor market area shall submit a modification to the State.

FLEXIBILITY

SEC. 107. (a) The purpose of this section is to assure the maximum feasible flexibility to labor market areas so that investment activities can be adopted to the needs and conditions in the area.

(b)(1) The Federal grants to each State, to be suballocated to labor market areas upon approval of investment plans, shall have three separate allocation components: one for youth preparatory programs; one for labor exchange functions; and one for remediation and training activities targeted to adults and young adults.

(2) Federal performance supplements shall also be provided separately for these three components based on differing performance criteria for each component.

(3) The labor market area may use up to 15 percent of the funds provided for any one of the three components for either or both of the other components, based upon its analysis of local needs and capacities as justified in its biannual investment plan.

(c) The LMA investment board of a labor market area may determine the types and mix of services and allowable activities within each component based upon assessment of local needs and capacities.

(d) The State investment board shall establish rules for reasonable deviation from investment plans as an alternative to submission of modifications of the plan.

(e) Based upon the priorities and conditions established by the State for the receipt of State incentive grants, the labor market area may choose among alternatives specified by the State or may decline to participate in the proposed activities. Acceptance of the incentive grant, however, implies acceptance of the terms and conditions established by the State for its use.

(f)(1) The labor market area shall also be provided a needs-based allocation of training opportunities in Job Corps, as well as State and Federal business/labor advanced career training programs.

(2) If the LMA investment board of a labor market area does not utilize its quota of opportunities, the Governor may take action to assure that eligible residents of the area are recruited for these opportunities.

(3) The effectiveness of screening and referral for these opportunities shall be considered in determining the labor market area's qualification for Federal performance supplements.

WAGES AND ALLOWANCES

SEC. 108. (a) All participants in labor market area preemployment skills training education for employment, first-tier and second-tier remediation and training, shall be eligible for subsistence stipends, participation cost stipends, and incentive stipends, according to the following rules:

(1)(A) Where the sum of cash income and the value of food stamps received by the family of the participant is less than 70 percent of the Bureau of Labor Statistics lower living standard, the participant will receive an hourly subsistence stipend which would, on an annualized basis, assuming 2,000 hours of participation, equal the difference between 70 percent of the lower living standard and the annualized sum of cash income and the value of food stamps.

(B) Maintenance allowances may not substitute for other income transfer and in-kind aid for which the participant is eligible.

(C) If a participant is eligible for but not receiving welfare, unemployment insurance, or food stamps, the maintenance allowance shall be calculated on the assumption that such benefits were received, and the participant shall be assisted in applying for benefits for which he or she is eligible.

(2)(A) Participants from families with incomes below the lower living standard will be eligible for participation cost stipends to cover the extra costs of transportation, meals, residency, equipment, and child care, necessary for participation in investment activities.

(B) Individuals with family incomes below 70 percent of the lower living standard will receive 100 percent reimbursement and those between 70 and 100 percent of the lower living standard will receive 50 percent reimbursement.

(3)(A) Lump-sum payments, tools and equipment, scholarships and other rewards may be provided for completion of investment activities, attainment of certified competencies, self-placement at the completion of services, and other constructive attainments.

(B) Incentive stipends for each activity and the standards for distributing these stipends shall be determined by the investment board of the labor market area and made known to all participants.

(C) Incentive stipends in any labor market area shall not exceed one-third of total allowances paid to participants in investment activities.

(D) Incentive stipends for labor market area activities shall be structured to provide incentives for participation in more challenging investment activities such as second-tier training and remediation.

(b)(1) All participants in work activities shall be paid wages consistent with the Fair Labor Standards Act of 1938.

(2) Youth participants in entry employment experience shall be considered as student learners under such Act.

(3) Participants in on-the-job training shall be compensated by the employer at such rates, including periodic increases, as may be deemed reasonable under regulations prescribed by the Secretary, considering such facts as type of industry, geographical region, skills requirements, and individual proficiency, but in no event less than the higher of the rate specified in the Fair Labor Standards Act of 1938 or the applicable State or local minimum wage.

PART B—YOUTH PREPARATORY PROGRAMS

STATEMENT OF PURPOSE

SEC. 121. It is the purpose of this part to provide to eligible young Americans the opportunity to develop and acquire the necessary employability skills for successful entry into the labor market.

ALLOCATION

SEC. 122. (a) Funds appropriated for this part shall be allocated to States and by States to designated labor market areas, as follows:

(1) One-third shall be distributed according to each State's and each labor market area's share of the youth population age 14 to 19.

(2) Two-thirds shall be distributed according to each State's and each labor market area's share of the Nation's average annual nonemployed population age 14 to 19 as determined by the Bureau of Labor Statistics.

(b) Allocation under this section shall be determined every two years, based on the most accurate and current annual labor force status information.

EDUCATION FOR EMPLOYMENT

SEC. 123 (a) All persons below age 20 who have not attained a high school diploma or who have educational deficiencies despite the attainment of a diploma shall be eligible under this section as follows:

(1) first priority shall be given to high school dropouts; and

(2) second priority shall be given to high school students who do not meet established levels of educational achievement and are at risk of dropping out.

(b)(1) The labor market area is authorized to maintain a network of learning centers in convenient locations, such as schools, neighborhood organizations, libraries, and other sites including mobile vans in rural areas.

(2) These learning centers shall offer individualized, competency-based instruction, including remedial reading and mathematics, preparation for a general education development test and training for individuals with limited English language proficiency, as well as preparatory materials for applicants to the Armed Forces who are otherwise eligible but unable to meet entry academic requirements.

(3) The curricula shall be designed to prepare the student to meet State-determined general education development and basic education competency requirements.

(c) Participation in remedial education activities provided under this section may be required to qualify for entry employment opportunities and as a component of preemployment skills training where minimum academic competencies are prescribed by the labor market area as a necessary preemployment skill.

(d) The activities supported under this section are intended as a supplement to and not a substitute for what is available within local schools and under other Federal, State, and local programs, and may serve as a means by which local education agencies can improve their programs to decrease the number of dropouts and to increase educational achievement.

PREEMPLOYMENT SKILLS TRAINING

SEC. 124. (a) Youth age 14 through 19 shall be eligible for services under this section, except that—

(1) priority shall be given to those youth who plan to enter the full-time labor market upon leaving school;

(2) first priority among the youth described in paragraph (1) shall be given to youth who do not meet established levels of academic achievement and to those from families with income below the Bureau of Labor Statistics lower living standard; and

(3) insofar as possible, preemployment skills training shall be concentrated on youth age 14 through 16.

(b)(1) Up to 200 hours of instruction and activities shall be provided to eligible youth.

(2) To the extent possible, the instruction shall be individualized and competency-based.

(3) Within State competency guidelines approved by the Secretary, each labor market area will establish an employability skills certification for participants who successfully meet performance standards in preemployment skills training.

(4) To provide youth with résumés, an individual record shall be maintained for each participating youth, certifying the competencies gained, documenting individuals employment goals, identifying work and volunteer experiences, and evaluating each youth's participation.

(c) The instruction and activities may include, but are not limited to, the following:

(1) assessment, testing, and counseling;

(2) occupational career and vocational exploration;

(3) job search assistance;

(4) job holding and survival skills training; and

(5) basic life skills training.

ENTRY EMPLOYMENT EXPERIENCE

Sec. 125. (a) All youth age 16 through 19 will be eligible under this section if they—

(1) have completed the preemployment skills component established in section 124 or its equivalent;

(2) have not held a regular part-time or summer job for more than 250 hours of paid employment, except that this paragraph may be waived in accord-

ance with criteria established in the labor force investment plan;

(3) have searched for but been unable to secure unsubsidized employment; and

(4) are enrolled in a secondary school or an institution offering a certified high school equivalency program and are meeting or have met the minimum academic and attendance requirements of that school or education program during the current or most recent term.

(b) Priority shall be given to youth who do not plan to continue on to postsecondary education, with first priority to youth from families with income below 100 percent of the Bureau of Labor Statistics lower living standard.

(c) Entry employment experiences may be up to 20 hours weekly during the school year or full time during the summer and holidays, for a total not to exceed 500 hours of entry employment experience for any individual. Such experiences shall be appropriately supervised, including the maintenance of standards of attendance and worksite performance.

(d)(1) Entry employment experiences may be one of the following two types:

(A) Full-time employment opportunities in public and nonprofit agencies during the summer and on a part-time basis in combination with education and training activities. These jobs shall provide community improvement services that complement labor market expenditures for such things as revitalization, preservation, maintenance, or rehabilitation of public property, energy conservation and weatherization measures, assistance and care within public institutions, and crime prevention.

(B)(i) Tryout employment in private for-profit worksites, with wages paid by the youth preparatory programs delivery system.

(ii) The assignment must be one for which the participant would not usually be hired because of lack of previous experience or other barriers to employment.

(iii) The length of the tryout employment may not exceed 250 hours.

(iv) No tryout position may be refilled where the previous participant successfully completed the tryout but was not hired by the employer.

(2) Youth may only be assigned to entry employment jobs in the public and nonprofit sector when tryout employment in the private sector cannot be arranged. Participants in entry employment in the public and nonprofit sector will be given first priority for tryout assignments in the private for-profit worksites.

(e) Participation in education for employment activities under section 123 may be required to qualify for entry employment experiences in the summer months and is mandatory for dropout youth not enrolled in other certified education activities.

(f) All entry employment assignments shall be secured by participants, with assistance under this title, through application to employers, in a manner consistent, as much as possible, with application procedures of the competitive labor market.

(g) All participants in entry employment assignments shall be considered as student learners under the terms of the Fair Labor Standards Act of 1938 and shall be paid the minimum wage student learners differential for all hours of employment.

(h) Each participant shall be required to meet performance and attendance standards related to the employment assignment, and shall be evaluated and terminated (if necessary) on this basis of compliance with such standards.

SCHOOL-TO-WORK TRANSITION ASSISTANCE

SEC. 126. (a) School-to-work transition assistance will be provided to—

(1) high school seniors who plan to enter the full-time labor market upon graduation, with first priority to seniors in high schools with a predominance of stu-

dents from families with incomes below 100 percent of the Bureau of Labor Statistics lower living standard, and to students from such families in other secondary schools within the labor market area; and

(2) dropouts, with followup as immediately as possible after school leaving.

(b) Transition services include—

(1) provision of occupational information;

(2) short-duration job search assistance;

(3) job clubs;

(4) placement and job development; and

(5) followup.

(c) All seniors and dropouts who are eligible for and in need of labor force investment activities will be provided information and, where appropriate, referred to—

(1) preemployment skills training, entry employment experience, and remedial education;

(2) labor market area remediation and training activities, including Job Corps; and

(3) statewide and national business/labor training programs.

Part C—Remediation and Training Activities

STATEMENT OF PURPOSE

Sec. 131. It is the purpose of this part to provide first-tier training and remediation activities of short duration which will provide the competencies needed to secure unsubsidized employment; second-tier training and remedial education opportunities of longer duration; and job access assistance to assure that the competencies attained are recognized and utilized in the labor market.

ALLOCATION

SEC. 132. (a) Funds appropriated for this part shall be allocated among States and by States to labor market areas on the basis of the distribution of the number of individuals who—

(1) had annual earnings which were less than the amount which would have been provided by minimum wage employment during all hours of availability for work; and

(2) resides in a family with combined earnings of family members which were less than 70 percent of the Bureau of Labor Statistics lower living standard equivalent.

(b) Allocations under this section shall be determined every 2 years, based on the most accurate and current annual labor force status information.

ELIGIBILITY

SEC. 133. (a)(1) An individual shall be eligible to participate in a program receiving financial assistance under this part only if—

(A) such person is beyond the normal school leaving age in the labor market area;

(B) has had earnings in the last 6 months which were less than the amount which would have been provided by minimum wage employment during all hours of availability for work; and

(C) resides in a family with combined earnings of family members which were less than 70 percent of the Bureau of Labor Statistics lower living standard equivalent over this 6-month period.

(2) Notwithstanding paragraph (1)(C), an individual is eligible to participate in a program receiving financial assistance under this part, in cases permitted by regulations of the Secretary, if such individual is a handicapped individual living at home.

(3) If the State investment board determines that the number of individuals eligible to participate in a labor market area by reason of paragraph (1) is less than the number which could be served with the funds available to that labor market area for this part, the State investment board may authorize the labor market area to apply subparagraph (C) of paragraph (1) by substituting "100 percent" for "70 percent".

(b)(1) Participants in first-tier training and remediation activities shall be referred from youth preparatory programs and from the labor-exchange system, with first priority in referral to applicants for or recipients of income transfers and in-kind aid including food stamps.

(2) Each referral shall have received a comprehensive employability assessment and shall have participated in placement and job search assistance activities.

(c) Participants in second-tier training and remediation activities shall be selected first from successful completers of first-tier activities or youth preparatory activities. All such completers shall have equal opportunities to compete for second-tier training opportunities.

FIRST-TIER TRAINING AND REMEDIATION ACTIVITIES

SEC. 134. (a) First-tier training and remediation may include an activity or combination of activities intended to be completed in 1,000 hours or less of participation.

(b) Allowable activities under this section may include—

(1) occupational training and retraining in a classroom;

(2) employability skills training, including counseling, jobholding and jobseeking skills, and occupational search;

(3) education, including remedial education, preparation for a general education development test, training for individuals with limited English language proficiency, and preparation for military enlistment tests;

(4) on-the-job training; and

(5) work and training combinations, except that—

(A) no more than 500 hours of subsidized work or sheltered workshop employment may be provided to any participant;

(B) subsidized work experience must be combined with classroom training, employability skills training, and/or education;

(C) each participant in training and remediation activities shall receive an agreement which specifies the objectives of the activity, the allowances and wages that will be received, attendance and progress requirements to remain in the activity, and the options for advanced training upon successful completion of first-tier activities; and

(D) at termination, each individual shall be assessed relative to these performance objectives, and this information shall be utilized in determining eligibility for second-tier training and job access activities.

SECOND-TIER ACTIVITIES

SEC. 135. (a) Second-tier training and remediation may include an activity or combination of activities requiring over

1,000 hours of participation for completion, but no more than a maximum of 2 years of participation.

(b) Allowable activities under this section include—

(1) occupational training and retraining in a classroom including vocationally oriented instruction in post secondary institutions;

(2) educational vouchers which provide support for tuition, books, and maintenance costs for post secondary education if—

(A) no other form of financial assistance is available;

(B) an employment plan is developed for the individual relating education and career goals; and

(C) higher education is considered the most appropriate means of attaining career goals.

(c)(1) The labor market area may enter into contracts with private for-profit corporations and associations of business to support combinations of on-the-job and institutional training plus subsidized internship assignments which will prepare economically disadvantaged adults and young adults for career employment.

(2) All such contracts shall specify the classroom and on-the-job training that will be provided, the skills that are to be acquired, the entry requirements for participants, the com-

pletion standards, and a presumptive guarantee of employment for all completers.

(3) The jobs for which training is provided shall be in expanding employment occupations with an entry wage at least double the Federal minimum wage.

(4) The training may not result in displacement of, nor forestall the advancement opportunities of, currently employed workers.

(5) Where a labor organization represents employees of the corporation who are engaged in the same work as the occupation of training, such organizations shall be notified and shall be afforded a reasonable period of time to make comments to the labor market area investment board.

(6) No advanced career training position funded under this section may be refilled unless 3 of every 4 completers has been placed in a training-related job at a wage at least double the Federal minimum, and unless completion rates are reasonable considering the competencies of the participant and the requirements of the training.

(d)(1) Each labor market area shall be provided a quota of the business/labor advanced training opportunities supported by the State and by the Federal Government, as well as a quota of Job Corps training opportunities.

(2) The LMA investment board may also use its allocated funds for remediation and training to purchase additional training opportunities in State and Federal programs.

(3) The labor market area shall monitor the progress of residents enrolled in State and Federal programs and shall provide assistance, as needed, where participants terminate unsuccessfully or complete without finding employment.

JOB ACCESS ASSISTANCE

SEC. 136. In order to facilitate job placement of individuals who have participated in remediation and training activities, one of the following forms of assistance may be provided:

(1) TRYOUT EMPLOYMENT.—

(A) Participants may receive minimum wages paid by the LMA investment board during a short period of tryout employment for an unsubsidized, permanent job in the private for-profit, nonprofit, or public sectors.

(B) The period of the tryout shall not exceed 250 hours.

(C) No tryout assignment shall be refilled more than twice without an offer of permanent employment for at least one of the participants.

(2) EMPLOYMENT BONUS.—

(A) Employers hiring participants referred from labor market area remediation and training activities shall be eligible for an employment bonus.

(B) The employment bonus shall equal one-half of the wages paid to an eligible individual for the first 6 months of employment.

(C) The employment bonus is payable only if the participant is retained at least for 6 months.

(D) The employment bonus is payable to private for-profit, nonprofit and public agencies.

(3) TARGETED JOBS TAX CREDIT AND WIN TAX CREDIT.—

(A) All participants in training and remediation activities who are eligible for certification under the targeted job tax credit or the WIN tax credit shall be certified, and the tax credit shall be an option to the tryout employment and employment bonus approaches.

(B) No employer may receive an employment bonus or a tax credit for individuals trained through on-the-job training or tryout employment supported by this part unless it is determined that the participant falls short of employer requirements at the end of the tryout or on-the-job training period, but can succeed in the job with more time.

(C) Priority for participation in job access assistance shall be given first to successful completers of second-tier training and remediation and then to successful completers of first-tier training and remediation.

PART D—LABOR EXCHANGE ACTIVITIES

STATEMENT OF PURPOSE

SEC. 141. It is the purpose of this part to provide labor market services to assist workers in obtaining suitable employment, and to assist employers in filling job vacancies. These labor market services include maintenance of a job listing and job referral service; provision of interviewing, testing, counseling, and job search assistance for individuals unable to find jobs through the job listing and referral service; referral to labor market area investment activities of individuals in need of more intensive assistance; maintenance, analysis, and dissemination of labor market and occupational information; and employer services including recruitment and referral efforts for agriculture and other industries and provisions of expert advice to employers on their labor force problems.

ALLOCATION

SEC. 142. (a) Funds appropriated for this part shall be allocated among States and by States among labor market areas on the basis of the relative number of unemployed individuals within such States and labor market areas.

(b) Allocations under this section shall be determined every 2 years, based on the most accurate and current annual labor force status information.

ADMINISTRATION

SEC. 143. (a) Through contracts with State and local agencies, nonprofit and community-based organizations, and private for-profit providers, labor market areas shall maintain a network of local labor-exchange offices of sufficient number, capability, and location to facilitate access and to provide comprehensive labor-exchange services for workers and employers.

(b)(1) The Secretary shall provide to States and their labor market areas a comprehensive guide on all matters pertinent to labor-exchange functions in order to assure consistency of operations throughout the Nation.

(2) The federally specified management information system shall be used for—

(A) job listing and referral services;

(B) labor market information collection and dissemination;

(C) testing and assessment; and

(D) intake, referral, and placement for remediation and training under part B.

(c)(1) The labor market area may contract with several different delivery agents for labor exchange activities.

(2) To the extent possible, each delivery agent shall provide job listing and job referral, testing, assessment, and job search assistance, and referral to investment activities, at each office site, or will locate with other deliverers to facilitate one-stop labor force services for individuals in need of assistance in finding and holding jobs.

(d)(1) States may continue to maintain a State labor-exchange agency staffed by State personnel.

(2) This agency may be used to monitor and coordinate labor market area labor exchange functions for the State under contract to the State labor force investment board.

(3) The labor market area may contract with this agency if it is the most efficient and effective provider of services.

(4) The State may utilize State incentive grants to match labor market area expenditures where the labor market area utilizes the State-sponsored agency, but the State may not invalidate a labor market area investment plan because it does not utilize the State-sponsored agency as long as the alternate deliverers can provide the same services as effectively and efficiently.

LABOR FORCE SERVICES

SEC. 144. (a) Placement services shall be available to any applicant, legally qualified to work, without regard to location of permanent residence, current employment status, or occupational qualifications as follows:

(1) So far as possible, applicants should be referred to jobs which utilize their highest skill.

(2) No referral may result in a charge to either worker or employer.

(3) No referral may be made where the terms of employment are contrary to Federal, State, or local law.

(4) No referral may be made for jobs which are at issue in a labor dispute.

(b)(1) Counseling, assessment, and testing using objective instruments approved by the Secretary may be provided to any applicant of employable age.

(2) Where resources are inadequate, first priority shall be given to individuals who have the most severe employment problems as determined by the individual information gathered as part of the placement intake process.

(3) In the assessment and counseling process, comprehensive information, including employment history and family income, shall be gathered for family eligibility determinations. This information shall be consistent with the partici-

pant characteristics and eligibility determination requirements specified for remediation and training activities, as well as State and Federal programs.

(d)(1) Job search assistance shall be provided for those individuals whose lack of job-seeking and job applicant skills has prevented placement.

(2) All individuals who acquire jobs as a result of job search assistance, whether these jobs are listed with the labor exchange, shall be considered placements in the management information system.

(3) No individual may be referred to remediation and training activities authorized under part B or to the Job Corps unless a job search assistance activity has been completed or unless it is determined in the counseling and assessment process that the employment problems are so severe that participation in job search assistance would not be useful.

(e)(1) Referral services to labor market area remediation and training activities and to Job Corps shall be integrated with other labor force services to the maximum extent feasible.

(2) All referrals shall be counseled about the full-range of training and remediation activities available in the labor market area and available through State and national pro-

grams so that informed choices can be made by the individual.

(f)(1) The labor market area shall assure that adequate labor force services are provided to certain special needs groups in the labor force.

(2)(A) Each labor market area shall take such steps as are necessary to assure that veterans are given priority in the provision of labor force services, including, job referral, assessment and counseling, and referral to training and remediation opportunities.

(B) The State shall assure that the appropriate administrative arrangements have been made in consideration of the proportionate share of veterans among users of labor-exchange services, and are maintained by each labor market area to assure their legally stipulated priorities.

(C) The level and outcomes of services to veterans shall be considered in allocating Federal performance supplements.

(3)(A) Each labor market area shall assure that measures are taken to promote and develop employment opportunities for handicapped persons and that the handicapped are given priority in the provision of labor force services.

(B) The State, in the biannual review of labor market area investment plans, shall assure that appropriate administrative arrangements have been made to serve the handicapped.

(C) The level and outcomes of services to the handicapped shall be considered in allocating Federal performance supplements.

(4)(A) Each labor market area investment board shall assure that comprehensive services are available for persons with limited English-speaking ability and for migrant and seasonal farmworkers.

(B) The State, in the biannual review of labor market area investment plans, shall assure that appropriate administrative arrangements have been made to provide bilingual materials and staff, as well as comprehensive services for migrant and seasonal farmworkers.

EMPLOYER SERVICES

SEC. 145. (a) Each labor market area shall maintain effective labor-exchange services for agricultural and related industry employers and workers. These shall include cooperation with Federal efforts for the intrastate recruitment and transfer of migrant workers and foreign labor.

(b) Each labor market area shall cooperate with employers, education and training institutions, labor organizations, and other government agencies in resolving their manpower problems concerned with the recruitment, development, utilization, and stabilization of their work forces.

(c) Each labor market area shall make available to all employers in the local area information on labor market conditions and legislation affecting employment.

(d) Each labor market area shall coordinate all job development activities under publicly funded programs so that employers are not burdened by competing job development efforts and so that employers are informed of all available job access inducements including the availability of the targeted jobs tax credit, WIN tax credits, tryout employment, the social bonus and on-the-job training.

(e) Where requested by labor market area employers and consistent with regulations specified by the Department of Labor, each labor market area shall provide certificates for temporary and permanent foreign labor.

LABOR MARKET AND OCCUPATIONAL INFORMATION

SEC. 146. (a)(1) To maintain uniformity and comparability in the reporting of labor market data derived from labor exchange operations, the federally specified management information system shall include detailed reporting items and specified forms as well as due dates.

(2) While it is the purpose of this Act to minimize reporting so that labor market areas submit a single annual report to the State (which is transmitted to the Secretary in order to determine eligibility for performance supplements),

more frequent reporting may be required for labor market information purposes.

(3) The effectiveness of the labor market area in meeting federally specified labor market information reporting requirements shall be considered in determining eligibility for performance supplements for labor-exchange activities.

(b) Each labor market area board shall cooperate in making such studies, surveys, and investigations as from time to time are required by the Governor or the Secretary, or both.

(c) Each labor market area shall issue information on current labor market developments, employment trends, and opportunities for employment.

(d) Each labor market area shall collect, organize, process and disseminate information about the duties, responsibilities and performance requirements of jobs and the relationships that exist among jobs to permit effective matching of workers and jobs and to broaden employment opportunities for applicants and the sources of workers for employers.

(e) Each labor market area shall compile, maintain, and furnish to the Secretary of Labor as requested and make available to interested individuals, agencies, and the public, current information on previous wages of applicants, wages being offered on job orders listed by the labor market area, and wages being offered for employment from labor market area jobs not listed with the labor exchange, as well as other information on the supply of and demand for workers in the labor market area.

TITLE II—STATE RESPONSIBILITIES

Part A—General Provisions

STATEMENT OF PURPOSE

Sec. 201. It is the purpose of this title to provide for State oversight and support of labor market area investment activities and decisionmaking, to detail the responsibilities of States as recipients of Federal grants authorized under this Act, and to provide for State-administered programs focused on those labor force problems of State residents which cannot be adequately addressed at the labor market area level.

ALLOCATION

Sec. 202. Each State shall receive an amount equal to 26.3 percent of an amount equal to the sum of funds allocated to labor market areas by the title I needs-based formula plus Federal performance supplements received by labor market areas in the State. The resources available for State activities shall, thus, increase where the effective performance of labor market area investment activities results in above average performance supplements to a labor market area.

DISTRIBUTION OF FUNDS

SEC. 203. Of funds available for carrying out the provisions of this title—

(1) 25 percent shall be available for part B, State oversight and support of labor market area activities;

(2) 50 percent shall be available for part C, incentive grants to labor market areas; and

(3) 25 percent shall be available for part D, State-operated investment activities.

STATE LABOR FORCE INVESTMENT BOARDS

SEC. 204. (a) Each State receiving funds under this Act shall establish a State labor force investment board to implement, along with the Governor, the responsibilities under this Act.

(b)(1) The State investment board shall be appointed by the Governor. Members terms shall be three years, except that the terms of members first appointed maybe of shorter duration to permit the staggering of such terms.

(2) The members shall be broadly representative of labor organizations, industry, commerce, education (including vocational and technical education), community-based organizations, veterans and handicapped organizations, and the eligible population.

(3) In no event shall representatives of industry and business constitute less than a majority on the State invest-

ment board and whenever possible, and shall include representatives from small business.

(4) Representatives of the private sector shall be owners of businesses, chief executive or chief operating officers of for-profit organizations, or other officers of businesses who have or have had profit and loss responsibility for an autonomous part of a business.

(5) The industry, business, and labor representatives shall be designated as a private sector committee of the investment board.

(6) The chairpersons of the State advisory council on vocational education and the State advisory council on apprenticeship shall be appointed members of the State investment board unless these councils are consolidated with the State investment board.

(7) The chairperson of each labor market area investment board in the State shall also serve on the State investment board in an ex officio capacity. The Governor may also appoint chief officials of State education, training, labor, public assistance, commerce, and economic development agencies to serve in an ex officio capacity.

(c) The State investment board shall (1) assume all responsibilities of State employment and training councils as previously authorized under the Comprehensive Employment and Training Act, State occupational information coordinating committees as authorized under the Vocational Education Act, and State coordinating committees for the work incentive program as authorized under title IV of the Social Security Act; and (2) coordinate, or, if specified by the Governor, consolidate the functions of the State advisory council on vocational education authorized by the Vocational Education Act of 1963, the State advisory council on apprenticeship established under the National Apprenticeship Act of 1937, and the State advisory council for adult education established under the Adult Education Act of 1966.

(d) In the development of the plan, no contracting or management procedures, competency standards, or State business/labor advanced career training designs (as well as procedures utilized in placement and job development activities) shall be adopted without the approval of the private sector committee of the investment board.

(e)(1) The State shall establish an administrative unit under the direction of the State investment board.

(2) The State investment board is authorized to obtain the services of such professional, technical and clerical personnel as may be necessary to carry out its functions under this Act.

(3) With the approval of the Governor, the State investment board and its administrative unit may be constituted as a nonprofit corporation, with administrative and planning

staff hired as employees of the corporation; the administrative and planning staff hired may be employees of the State government; or the investment board may contract with a for-profit or not-for-profit managing agent.

(4) In order to assure objective management and oversight, and to maximize cooperation in the choice of service providers under this Act, the State investment board and its administrative units shall not be eligible to provide services to eligible participants, but shall exist solely to plan, contract for, coordinate, and monitor services.

(f) If the State is designated as the labor market area, the State investment board shall serve as the LMA investment board.

(g)(1) The plans and decisions of the State investment board shall be subject to approval by the Governor.

(2) The Governor may override any decision. However, the investment board may appeal to the Secretary based on a majority vote of the board members.

(3) The Secretary shall make a determination whether the disputed decision of the board best achieves the purposes of this Act.

STATE LABOR FORCE INVESTMENT PLAN

Sec. 205. (a)(1) Every 2 years, the State investment board shall prepare and submit to the Secretary a State investment plan detailing the use of all resources provided to the State and its labor market areas under this Act, evaluating the experience over the previous 2 years and setting policy and program goals for the next 2 years.

(2) The State investment plan shall subsume the separate approved investment plans of all labor market area investment boards within the State. If the State is designated as a labor market area, the State investment plan may serve as the labor market area investment plan if it meets the requirements for such a plan.

(3) The State plan shall detail the projected use of title II resources including description of labor market area oversight and support activities, priorities for State incentive grants, and performance goals for State-operated programs.

(4) The Secretary shall—

(A) specify minimum requirements for these biannual State investment plans;

(B) review these plans to assure that there are no apparent violations of the Act;

(C) identify for the State apparent violations of the Act and suggest appropriate modifications; and

(D) investigate where corrective actions or modifications are not clear to determine whether expenditures are in violation of this Act.

(b) If major changes occur in State and labor market area investment activities during the 2-year period covered by the State labor force investment plan, the State shall submit a modification to the Secretary of Labor detailing these changes.

Part B—Oversight and Support of Labor Market Area Activities

STATEMENT OF PURPOSE

Sec. 221. It is the purpose of this part to provide to the State authority to review and approve or disapprove the investment plans of LMA investment boards within the State; to monitor and audit the performance of labor market area investment activities; to establish a State reporting system, including labor market information coordination; to establish statewide standards for assessment and certification of participant achievement, curriculum and staff, and to provide technical assistance to planning, management, and delivery agent personnel of labor market areas within the State.

DESIGNATION OF LABOR MARKET AREAS

Sec. 222. (a) The Governor, with the approval of the State labor force investment board, shall, in consultation with elected local officials of units of general purpose local government throughout the State, assign all jurisdictions to a designated labor market area.

(b)(1) The Governor, with the approval of the State investment board, shall designate each unit of general purpose local government with a population of 200,000 or more as a labor market area, except that—

(A) the Governor may, with the approval of the board, choose to include, with such a unit, adjoining jurisdictions if such jurisdictions individually have a population of less than 200,000 and collectively, with such a unit, represent a single labor market, as determined by job and population distribution, commuting patterns, jointly used remediation and training institutions, and designation as a standard metropolitan statistical area;

(B) the Governor shall designate any self-selected consortia of adjacent units of general purpose local government which collectively represent a single labor market area (as so determined) as a labor market area, unless there is only one such area within the State or the Governor determines, with the approval of the board, that such designation would be contrary to the purposes of this Act;

(C) if there is only one unit of general purpose local government which has a population of more than 200,000 in the State, the entire State shall be designated as a labor market area; and

(D) if the Governor determines, with the approval of the board, that a unit or units of general purpose local government which have a population of less than

200,000 represents a separate labor market and could serve as an effective managing agent of programs under this Act, such unit or units may be designated as a labor market area.

(2) Any unit or units of general purpose local government which are dissatisfied with their assignment to a labor market area may appeal their assignment to the Governor and subsequently to the Secretary of Labor.

(3) The Governor, with the approval of the State investment board, may propose, or a unit or units of general purpose local government may request, a realinement of labor market area designations to take effect at the end of any two-year planning and contracting cycle.

LABOR MARKET AREA INVESTMENT PLAN REVIEW AND APPROVAL

Sec. 223. (a) No labor market area investment activities may be funded unless the biannual labor market area investment plan has been approved by the State investment board. To assure timely development and approval of plans, the State shall establish a schedule for the submission, review, and approval and disapproval of plans.

(b) In its review of labor market area investment plans, the State investment board shall assure compliance with the requirements specified by the Secretary for such provisions of this Act or Federal regulations issued pursuant to this Act.

(c)(1) The State shall establish requirements concerning the form and content of investment plans, in accordance with minimum requirements specified in Federal regulations. The State investment board may supplement the minimum Federal requirements for labor market area investment plans in order to assure compliance with this Act and to improve the effectiveness and coordination of investment activities within the State.

(2) The State investment board, in accordance with section 106(b), review and approve or disapprove some or all of the labor market area investment plan.

(3) Conditional approval may be given to some or all of the investment plan.

(4) Funding may be withheld by the Governor for some or all of the investment plan pending resolutions of these issues.

(5) The labor market area investment board may appeal to the Secretary if resolution is not achieved at the State level.

AUDITING AND MONITORING

SEC. 224. (a) Each State shall establish such fiscal control and fund accounting procedures as may be necessary to assure the proper dispersal of, and accounting for, Federal funds provided to the State and its labor market areas under this Act in a manner consistent, to the extent possible, with procedures otherwise required. The State may adopt prototype procedures approved by the Secretary of Labor, or may propose alternative procedures which must be approved by the Department of Labor prior to the funding of programs within the State.

(b)(1) At least annually, the State shall prepare or have prepared an audit of all expenditures increased by the State and its labor market areas under this Act.

(2) Each audit shall be conducted by an entity independent of any agency administering the funds.

(3) Audits shall be conducted in accordance with generally accepted accounting principles and with standards provided by the Comptroller General of the United States.

(4) The State may delegate auditing responsibilities to labor market areas, but must approve the auditors and review the audit procedures of these labor market areas.

(c)(1) Each State shall establish monitoring procedures which insure at least quarterly monitoring visits to all training, education, and work assignment sites.

(2) The State shall require the use of standardized monitoring instruments that at least meet minimum requirements specified in Federal guidelines.

(3) The State may delegate monitoring responsibilities to the labor market areas in the State after review and approval of their monitoring procedures, but must institute peri-

odic reviews to assure that the labor market areas effectively implement prescribed procedures.

(d)(1) The State may terminate the authority of the labor market area to expend any or all funds provided under this Act if expenditures are found to be in violation of this Act or contrary to the approved labor market area investment plan.

(2) The State shall report to the Secretary within a reasonable period any such actions.

(3) The labor market area may appeal to the Secretary if it disagrees with the determination of the State.

(e)(1) If the State determines that a labor market area or its subgrantees or contractors has misexpended funds received under this Act, the State may recover such funds.

(2) If the misexpenditure was due to reasons other than willful disregard of statutory requirements, gross negligence, or failure to observe accepted standards of administration, the State may subtract misexpended funds from any amount to which the recipient contractor or subgrantee is or may be entitled.

(3) If the misexpenditure of funds was due to willful disregard of statutory requirements, gross negligence, or failure to observe accepted standards of administration, the recipient shall be liable to repay the misexpended amounts.

(f) If the State restricts the labor market area expenditure of funds allocated under the needs-based formula of title I, or recovers misspent funds, such funds may be utilized by the State for part D, State-operated investment activities which, to the maximum feasible extent serve residents of the labor market area.

REPORTS

SEC. 225. (a) Each State shall establish a management information system which provides, at a minimum, the information specified in Federal guidelines. The State may require additional information, where reasonable, to assure adequate performance of the labor market areas and contractors to the State under title II, part D, State-operated programs.

(b) Each State shall report annually on the statistical performance of all investment activities within the State, consistent with Federal guidelines.

(c) In annual reports to the Department of Labor, each State shall summarize the audit results for each labor market area and will provide statistical summaries of monitoring reports, list of all corrective action agreements with labor market areas, and analysis of the results of these corrective actions.

COMPETENCY STANDARDS AND CERTIFICATIONS

SEC. 226. (a) In accordance with State requirements for the awarding of academic credit, the State may establish uniform competency standards, competency measurement systems, and competency units for preemployment skills training, remedial education, general education development test preparation and occupational training, consistent with Federal guidelines and prototypes.

(b) In accordance with State requirements, the States may establish statewide certifications which may include, but are not limited to, certificates of preemployment skills, basic education achievement below the general education development test level, and vocational competency below the apprenticeship level.

(c) The State may not require the use of a specific curriculum by labor market areas, except as a condition to receipt of State incentive grants, but shall provide materials and instructional options to labor market areas that are structured to effectively develop designated competencies and which lead to established certification.

STATE LABOR MARKET INFORMATION PROGRAMS

SEC. 227. (a) Each State shall—

(1) designate an organizational unit (such as the State labor exchange agency) responsible for oversight and management of a statewide comprehensive labor market/occupational supply and demand information system;

(2) design a comprehensive cost-efficient labor market/occupational information supply and demand system which—

(A) is responsive to the economic demand and educational training supply needs of the State and labor market areas within the State, and

(B) meets the Federal standards under chapter 35 of title 44 of the United States Code and other appropriate Federal standards established by the Bureau of Labor Statistics;

(3) standardize available Federal and State multiagency administrative records and direct survey data sources to produce an employment/economic analysis published set of projections for the State and designated areas within the State which, at the minimum, includes—

(A) identification of geographic and occupational areas of potential growth or decline; and

(B) an assessment of the potential impact of such growth or decline on individuals, industries, and communities, including occupational supply and demand characteristics data;

(4) assure, to the extent possible, that—

(A) automated technology is used by the State,

(B) administrative records have been designed to reduce paperwork, and

(C) multiple survey burdens on the employers of the State have been reduced;

(5) publish and disseminate labor market/occupational supply and demand information and individualized career information to State agencies, labor market areas, and private not-for-profit users, and individuals in the process of career decision choices; and

(6) conduct research and demonstration projects designed to improve any aspect of the statewide information system.

(b)(1) The analysis required under clause (3) of subsection (a) shall be used by States and by labor market areas to contribute to carrying out the provisions of this Act, the Vocational Education Act of 1963, and the Act of June 6, 1933 (popularly known as the Wagner-Peyser Act).

(2) The assurances required by clause (4) of subsection (a) shall also include that the State will, to the maximum extent possible, assure consolidation of available administrative data and surveys to reduce duplication of recordkeeping of State and local agencies, including secondary and postsecondary educational institutions.

(3) If any Federal funds are used to carry out clause (6) of subsection (a), access to and information of the results will remain in the public domain.

(c) No provision of this part or any other provision of Federal law shall be construed to prohibit the State the right to combine, consolidate, or otherwise alter Federal administrative management information reporting requirements relating to employment, productivity, or training, if notice is transmitted by the Governor to the head of each appropriate Federal and State agency responsible for the laws governing the Federal reporting requirements. The notice shall specify the intent to combine, consolidate, or alter such requirements. The head of each appropriate Federal agency shall approve the combination, consolidation, or alteration unless, within 60 days after receiving the notice, the Federal agency can show the combination, consolidation, or alteration will not meet the essential purposes of the affected Federal law. Any adverse decision by the head of a Federal agency may be appealed to the Director of the Office of Management and Budget who shall decide the matter within 60 days after the appeal is made.

TECHNICAL ASSISTANCE

SEC. 228. (a) The State may provide in-service and pre-service training for planning, management, and delivery staffs of labor market areas, as well as contractors for State-operated programs.

(b) The State may require participation in these activities and completion of specified instructional materials.

(c) The State may not specify experience and educational requirements for labor market area staff or contractors, except where educational or vocational instruction requires, by law, State-certified instructors.

PART C—STATE INCENTIVE GRANTS

STATEMENT OF PURPOSE

SEC. 231. It is the purpose of this part to provide resources for the State to influence the service and participant mix, delivery agents and approaches of labor market areas through the provision of supplemental funding targeted to improve the design, delivery, and balance of labor market area investment activities within the State.

ADMINISTRATION

SEC. 232. (a) All funds provided to a State under this part are to be added to the needs-based formula grants of labor market areas within the State.

(b) Prior to each 2-year labor market area planning cycle, the State labor force investment board, with the approval of the Governor, shall designate certain activities, target groups, delivery agencies, or management and delivery approaches as priorities and shall set conditions for the receipt of State incentive grants. The State may require matching on the part of the labor market area from its needs-based formula grant in order to qualify for State incentive grants.

(c) The State may withdraw incentive grants at any time during the 2-year contract period where it is determined that a labor market area has violated the conditions for receipt of these incentive grants.

(d) All labor market areas in a State shall be provided an equal opportunity to compete for such grants.

ALLOWABLE ACTIVITIES

SEC. 233. State incentive grants may be used for any of the following purposes:

(1) to provide added emphasis to any of the activities authorized under title I;

(2) to encourage the implementation of exemplary programs, including but not limited to nationally tested models;

(3) to designate groups already experiencing artificial barriers to employment for special priority within the eligible population for receipt of service which shall include, but are not limited to, offenders, drug addicts, young mothers, or the handicapped;

(4) to designate certain management and delivery approaches, including the expansion of apprenticeship

registration in conjunction with labor market area second-tier training and remediation;

(5) to augment the performance supplements of the Federal Government;

(6) to encourage the use of specific service deliverers, such as community-based organizations, vocational technical schools and programs, vocational rehabilitation organizations, and voluntary, not-for-profit organizations;

(7) to reward exemplary performance of local education agencies that have successfully reduced dropout rates or increased the average achievement level of its students;

(8) to encourage the coordination of investment activities with other State or federally funded training or economic development programs; and

(9) to give priority for training in skill shortage areas.

PART D—STATE-OPERATED INVESTMENT ACTIVITIES

STATEMENT OF PURPOSE

SEC. 241. It is the purpose of this part to provide resources for State-operated programs which provide advanced career training opportunities for individuals drawn from labor market areas throughout the State, assistance for intrastate and interstate relocation to secure employment, and services to special needs groups within the State, particularly institutionalized populations.

DISTRIBUTION OF FUNDS

SEC. 242. The State may utilize funds provided under this part for business/labor advanced career training (section 243), relocation assistance (section 244), and/or special needs groups programs (section 245), as determined most appropriate by the State labor force investment board.

STATE-OPERATED BUSINESS/LABOR ADVANCED CAREER TRAINING

SEC. 243. (a) The State is authorized to enter into contract with private for-profit corporations and associations of business to support combinations of formal on-the-job and institutional training combined with internship assignments which will prepare economically disadvantaged adults and young adults for career employment.

(b) The training period may not extend more than 2 years in addition to the participation in youth preparatory programs and first-tier training and remediation activities.

(c) All contracts shall specify the classroom and on-the-job training that will be provided, the skills that are to be acquired, the entry requirements for participants, the completion standards, and a good faith commitment of employment for all completers.

(d) The jobs for which training occurs shall be in high demand, growth occupations with an entry wage at least double the Federal minimum wage.

(e) The training may not result in displacement of nor forestall the advancement opportunities of currently employed workers.

(f) If a labor organization represents employees of the corporation or the association of corporations who are engaged in the same work as the occupation of training, the labor organization shall be notified and shall be afforded a reasonable period of time in which to make comments to the State labor force investment board.

(g) No advanced career training program with an employer or employer association may be refilled unless three of every four completers have been placed in a training-related job at a wage at least double the Federal hourly minimum, and unless completion rates are reasonable considering the competencies of participants and the requirements of the training.

(h)(1) All labor market areas within the State will be notified of advanced career training opportunities funded by the State and the allocation of such opportunities will be proportional to each labor market area's share of the State's labor-market related economic hardship.

226

(2) The labor market areas will be responsible for recruiting eligible candidates. If the labor market area does not recruit an adequate number of applicants, the State shall assure that eligible residents of the labor market area are afforded opportunity to apply.

(3) To be eligible for State-operated advanced career training, individuals must have successfully completed labor market area youth preparatory programs or first-tier entry training and remediation activities.

RELOCATION ASSISTANCE

SEC. 244. (a) The State may utilize resources under this section to assist individuals to relocate their place of residence when it is determined that such relocation is necessary in order to enable them to become permanently employed and self-supporting.

(b) Such assistance shall be given only to individuals who agree to relocation, who have been advised of employment and investment options within the labor market area, and who have received a bona fide job offer or are enrolled in a training activity linked to employment at their place of relocation.

(c) Assistance under this section shall not exceed the reasonable costs of transportation for such individuals, their dependents, and their household belongings, plus such relocation allowance as the State labor force investment board determines to be reasonable.

(d) Assistance shall be limited to individuals eligible for remediation and training activities authorized in title I, part C. First priority should be given to completers of labor market area remediation and training activities and youth preparatory programs.

SPECIAL NEEDS GROUPS PROGRAMS

SEC. 245. (a) The State may contract for the delivery of services for incarcerated offenders who will be reentering the labor force and other individuals in State-maintained facilities where the needs of such individuals cannot be adequately addressed by labor market area investment activities.

(b) All activities allowable under title I are allowable under this section.

(c) The eligibility requirements of title I apply for special needs groups programs funded under this section.

TITLE III—FEDERAL RESPONSIBILITIES

PART A—GENERAL PROVISIONS

STATEMENT OF PURPOSE

SEC. 301. It is the purpose of this title to provide national oversight and support for State and labor market area investment activities and decisionmaking, and to address, through nationally administered programs, those labor force problems not effectively addressed at the State and local levels.

DISTRIBUTION OF FUNDS

SEC. 302. Of funds available for carrying out the provisions of this title—

(1) 50 percent shall be available for part A, subpart 1, Job Corps;

(2) 5 percent shall be available for part A, subpart 2, economic distress programs;

(3) 5 percent shall be available for part A, subpart 3, Native American programs;

(4) 5 percent shall be available for part A, subpart 4, migrant and seasonal farmworker programs;

(5) 5 percent shall be available for part A, subpart 5, business/labor advanced career training programs;

(6) 20 percent shall be available for part B, subpart 1, performance supplements;

(7) 8 percent shall be available for part B, subpart 2, program improvement and supportive services; and

(8) 2 percent shall be available for part C, National Labor Force Investment Board.

FEDERAL INTERAGENCY LINKAGES

SEC. 303. The Secretary of Labor shall seek to coordinate activities funded under this Act with other Federal policies and national needs through—

(1) agreement with the Secretary of Defense—

(A) arranging for referral of participants in investment activities under this Act to employment opportunities within the volunteer Armed Forces and civilian employment on military bases;

(B) arranging for remedial education of rejected Ar[illegible]rces applicants referred by the Secretary o[illegible]fense in order to help them qualify for entry requirements; and

(C) arranging for advanced career training with private for-profit defense contractors;

(2) agreement with appropriate Federal officials, arranging for advanced career training in synfuel projects and Government-owned company-operated energy facilities;

(3) agreement with the Office of Personnel Management, arranging for an advanced career training program in all Federal agencies;

(4) agreement with the Secretary of Agriculture and the Secretary of Interior, arranging to facilitate recruiting for conservation programs on Federal lands;

(5) agreement with the Corps of Engineers, arranging for job placements and advanced career training related to large-scale Federal projects;

(6) agreement with the Department of Transportation arranging advanced career training in conjunction with large-scale Federal transportation grant programs; and

(7) agreement with the Secretary of Education—

(A) arranging for the joint development of a structure of basic educational competencies;

(B) structuring methods for cooperative planning and implementation of vocational education programs and training programs under this Act;

(C) establishing a process by which nationally validated programs are disseminated to education and training providers; and

(D) enabling joint research, development, and evaluation, where appropriate, under the activities described in section 344 of this Act.

ANNUAL REPORTS

SEC. 304. The Secretary of Labor shall prepare an annual report to Congress which shall review all Federal, State, and labor market area investment activities funded under this Act, and be transmitted in conjunction with the annual report of the National Labor Force Investment Board.

PART B—FEDERALLY OPERATED PROGRAMS

STATEMENT OF PURPOSE

SEC. 321. It is the purpose of this part to establish and maintain a range of federally directed investment activities to meet the special needs of labor force groups not effectively assisted at the State and labor market area levels, to address the problems of individuals and areas affected by economic dislocations, and to provide intensive training opportunities available to individuals from all States and labor market areas.

JOB CORPS

SEC. 322. (a) This section authorizes a nationwide network of residential and nonresidential centers in which enrollees will participate in intensive programs of education, vocational training, work experience, counseling, and other activities to assist young persons who need and can benefit from an unusually intensive program, operated in a group setting, to become more responsible, employable, and productive citizens; and to the development and dissemination of techniques for working with the disadvantaged that can be widely utilized by public and private institutions and agencies.

(b) To become an enrollee in the Job Corps, a young man or woman—

(1) must have attained age 14 but not attained age 25 at the time of enrollment;

(2) must be eligible for title I, remediation and training activities;

(3) cannot be effectively served by less comprehensive labor market area and State investment activities;

(4) must be currently living in an environment so characterized by cultural deprivation, a disruptive homelife, or other disorienting conditions as to substantially impair prospects for successful participation in other programs providing needed training, education or assistance; and

(5) must be free of medical and behavioral problems so serious that the individual could not adjust to the standards of conduct, discipline, work, and training which the Job Corps involves;

(c)(1) The Secretary shall prescribe specific standards and procedures for the screening and selection of applicants for the Job Corps.

(2) Each State shall be provided a quota of opportunities based on its share of the eligible population.

(3) States shall assure that Job Corps opportunities and recruitment are equitably allocated among labor market areas within the State.

(d) No individual may be enrolled in the Job Corps for more than two years, except in the case of participation in an advanced training program which requires an individual to stay longer for completion.

(e) Job Corps centers may be residential or nonresidential in character, or both, and shall be designed and operated so as to provide enrollees, in a well-supervised setting, with education, vocational training, work experience (either in direct program activities or through arrangements with employers), counseling, and other services appropriate to their needs. The Job Corps shall provide opportunities for qualified enrollees to obtain the equivalent of a certificate of graduation from high school, and, to the extent feasible, shall provide assistance to qualified corps members to enroll in postsecondary institutions where this will best promote their career prospects.

(f)(1) The Job Corps may arrange for advanced career training.

(2) Advanced career training may be arranged in postsecondary institutions for corpsmembers who attained a general education development certificate or high school diploma, have demonstrated commitment and capacity in their participation in center programs, and have an identified occupational goal.

(3) The Job Corps may contract with private for-profit business and labor unions to provide intensive training in company-sponsored training programs, combined with internships in work settings.

(4) Advanced career training may continue for a period not to exceed two years in addition to the period the corpsmember previously spent in regular center programs.

(5) During the period of participation, the enrollees shall be eligible for full Job Corps benefits or a monthly stipend equal to the average value of residential support, food, allowances, and other benefits in residential Job Corps centers.

(6) For advanced career training activities, 3 of every 4 completers of postsecondary, corporate, or other training program must be placed in training-related jobs before new enrollees are accepted into this advanced career training program and completion rates must be reasonable considering the demands of the training and the skills of the participants.

(g)(1) The Secretary is authorized to provide enrollees with such personal, travel, and leave allowances, and such quarters, subsistence, transportation, equipment, clothing, recreational services, and other expenses as he may deem necessary or appropriate to their needs.

(2) Personal allowances shall be established at a rate not to exceed $75 per month (in constant dollars using fiscal

1983 as a base year) during the first 6 months of an enrollee's participation in the program, and not to exceed $150 per month thereafter.

(3) The Secretary may provide each former enrollee upon termination, a readjustment allowance at a rate not to exceed $150 (in constant dollars using fiscal 1983 as a base year) for each month of satisfactory participation in the Job Corps.

(h) Within Job Corps centers standards of conduct shall be established and stringently enforced. If violations are committed by enrollees, dismissal from the corps or transfers to other locations shall be made if it is determined that retention in the corps, or in the particular center, will jeopardize the enforcement of such standards or diminish the opportunities of other enrollees.

(i)(1) Job placement services shall be provided to all participants.

(2) Labor market areas to which the corpsmember plans to return or relocate shall be notified, where feasible, prior to the termination of the corpsmember so that training-related placement can be arranged.

(3) Where the labor market area is unable to arrange a placement, the Secretary may make other arrangements as necessary.

(4) Job Corps participants will be eligible for job access assistance as authorized in title I, part D. Labor market area expenditures for tryout employment and social bonuses for Job Corps terminees may be reimbursed by Job Corps.

(j)(1) Except as otherwise provided in this section and in section 8143(a) of title 5, United States Code, enrollees in the Job Corps shall not be considered Federal employees and shall not be subject to the provisions of law relating to Federal employment, including those regarding hours of work, rates of compensation, leave, unemployment compensation, and Federal employee benefits.

(2) For purposes of the Internal Revenue Code of 1954 (26 U.S.C. 1 et seq.) and title II of the Social Security Act (42 U.S.C. 401 et seq.), enrollees shall be deemed employees of the United States and any service performed by an individual as an enrollee shall be deemed to be performed in the employ of the United States.

(3) For purposes of subchapter I of chapter 81 of title 5, United States Code (relating to compensation to Federal employees for work injuries), enrollees shall be deemed civil employees of the United States within the meaning of the term "employee" as defined in section 8108 of title 5, United States Code, and the provisions of that subchapter shall apply except—

(A) the term of "performance of duty" shall not include any act of an enrollee while absent from the assigned post of duty of such enrollee, except while participating in an activity (including an activity while on pass or during travel to or from such post or duty) authorized by or under the direction and supervision of the Job Corps;

(B) in computing compensation benefits for disability or death, the monthly pay of an enrollee shall be deemed that received under the entrance salary for a grade GS-2 employee, and sections 8113 (a) and (b) of title 5, United States Code, shall apply to enrollees; and

(C) compensation for disability shall not begin to accrue until the day following the date on which the injured enrollee is terminated.

(4) For purposes of the Federal tort claims provisions in title 28, United States Code, enrollees shall be considered employees of the Government.

(5) Whenever the Secretary finds a claim for damages to persons or property resulting from the operation of the Job Corps to be a proper charge against the United States, and it is not cognizable under section 2672 of title 28, United States Code, the Secretary is authorized to adjust and settle it in an amount not exceeding $1,500.

ECONOMIC DISTRESS PROGRAMS

SEC. 323. (a)(1) This section authorizes the provision of training, retraining, job search assistance, placement, relocation assistance, and other aid to individuals who are affected by mass layoffs, natural disasters, Federal Government actions such as relocations of Federal facilities and other exigencies, or who reside in areas of high chronic unemployment or designated enterprise zones, for which State and labor market area resources and programs have not planned and for which assistance is best initiated and coordinated from the Federal level.

(2) The Secretary shall issue regulations specifying the factors which will be considered in determining that areas or individuals qualify for economic distress programs.

(3) The Secretary shall issue regulations specifying the levels and types of assistance that may be provided in different circumstances.

(4) The Secretary shall, on a regional or national basis, through contracts with for-profit or not-for-profit intermediaries, maintain the capacity for timely intervention in the case of mass layoffs, national disasters, or other exigencies not anticipated by needs-based allocations determined on earlier labor market conditions.

(5) At the request of an affected labor market area and with the approval of the Governor, an intermediary shall be

selected by the Secretary which, in coordination with the labor market area investment board in the designated areas, shall survey conditions to assess eligibility for assistance, and shall develop an action plan based on this assessment.

(6) Upon approval by the labor market area investment board and the State, the action plan will be submitted to the Secretary. The Secretary will approve or disapprove the plan within 30 days.

(7) The intermediary may, prior to the approval of the plan, provide short-term assistance, including individual assessment and counseling, job search assistance, advice to affected individuals concerning available benefits and entitlements, relocation counseling, and such other short-term aid as authorized by the Secretary during the period of development and approval of the action plan.

(8) Upon approval of the action plan, funds for authorized services will be added to the grant of the affected labor market area and the action plan will be amended to the biannual labor market area investment plan and State investment plan. The labor market area investment board may contract with the intermediary for the delivery of services including the management of relocation activities.

(b) All activities allowable under title I may be provided to individuals determined eligible under the action plan. In addition, resources may be utilized to assist eligible individuals in relocating their place of residence when it is determined that such relocation is necessary in order to enable them to become permanently employed and self-supporting. Such assistance shall be given only to individuals who concur in the relocation and who have received a bona fide job offer or are enrolled in a training activity with a job promised upon completion. Assistance shall not exceed the reasonable costs of transportation for such individuals, their dependents, and their household belongings, plus such relocation allowance as the Secretary of Labor determines to be reasonable in approving the action plan.

(c) If the Secretary determines that individuals who have been displaced by mass layoffs, disasters or other exigencies have little chance of securing gainful employment in the local area without assistance, the eligibility restrictions of title I with regard to family income over the previous 6 months may be waived. In no case, however, may individuals be served whose family earnings during the period of participation exceed, on an annualized basis, 70 percent of the Bureau of Labor Statistics lower living standard.

NATIVE AMERICAN LABOR FORCE INVESTMENT PROGRAM

SEC. 324. (a) Because of the severe needs of the Indian, Alaskan Native and Hawaiian native communities, and because of the special relationship between the Federal Government and members of these communities, the Secretary of

Labor will administer labor force investment programs for federally recognized Indian tribes, bands, and groups, and other groups and individuals of Native American descent such as, but not limited to, the Lumbees in Washington, the Menominees in Wisconsin, the Klamaths in Oregon, the Oklahoma Indians, the Passamoquoddies and Penobscots in Maine, Eskimos and Aleuts in Alaska, and Hawaiian natives.

(b) If the Secretary determines that a Indian tribe, band, or group on Federal or State reservations has demonstrated the capability to effectively administer a comprehensive remediation and training program, labor market exchange activities, and a youth preparatory program, the Secretary shall designate such tribe, band, or group, as a labor market area eligible to establish a labor force investment board and to serve as a managing agent within Federal rules and regulations.

(c) If the Secretary determines that a tribe, band, or group cannot effectively function as a labor market area, the Secretary shall, enter into arrangements for provision of such services with public agencies or private nonprofit organizations which meet with the approval of the tribes, bands, or groups to be served.

(d) The tribes, bands, or groups eligible under this subpart may choose to combine with labor market areas designated by the State, in which case—

(1) the funds available for the Native American programs may be combined with the grant to these labor market areas;

(2) the tribes, bands, or groups will have representation on the labor market area investment board; and

(3) the provisions of title I and title II will apply relative to State and labor market area responsibilities.

(e) No provision of this section shall abrogate in any way the trust responsibilities of the Federal Government to Indian tribes, bands, groups, or other Native American groups.

(f) All activities authorized under titles I, II, and III of this Act are allowable.

(g) The Secretary shall prescribe such rules, regulations, and performance standards relative to Indian and Native American programs under this Act as may be required. The Indian and Native American groups directly affected shall be consulted in the development of such rules, regulations, and performance standards.

(h) The Secretary shall provide technical assistance as necessary to groups eligible for funding under this program.

MIGRANT AND SEASONAL FARMWORKER INVESTMENT PROGRAM

SEC. 325. (a) Because chronic seasonal unemployment and underemployment in the agricultural industry, exacerbated by recent advances in technology and mechanization, constitute a substantial portion of the Nation's rural employment problem, and because of the interstate mobility patterns of many migrant and seasonal farmworkers, this section authorizes the Secretary of Labor to provide comprehensive remediation and training, youth preparatory programs, and labor exchange activities for migrant and seasonal farmworkers, so that they may secure full-time employment and stabilize their incomes, either within or outside of agriculture.

(b) The Secretary may contract on a competitive basis with public agencies, private nonprofit organizations, or for-profit organizations to provide services for migrant and seasonal farmworkers.

(c) If after the competitive process the Secretary determines that particular labor market areas are affected by a seasonal influx of migrant and seasonal farmworkers who are not being served, the Secretary may contract with the labor market area for services.

(d) While the Secretary may establish special labor-exchange services for migrant and seasonal farmworkers, each labor market area is obligated to provide comprehensive labor-exchange services to migrant and seasonal farmworkers residing temporarily or permanently in the labor market area.

(e) All activities authorized elsewhere in titles I through II are allowable for migrant and seasonal farmworkers.

(f) Upon request from a labor market area the Secretary shall certify eligibility for importation of foreign workers in accordance with provision of agreements or arrangements between the United States and foreign governments only if domestic migrant and seasonal farmworkers are not available.

NATIONAL BUSINESS/LABOR ADVANCED CAREER TRAINING

SEC. 326. (a) The Secretary is authorized to enter into contract with private for-profit corporations and associations of business to support combinations of on-the-job and institutional training plus internship assignments which will prepare economically disadvantaged adults and young adults for career employment.

(b) Advanced career training is intended to be intensive and of adequate duration to assure career preparation, but may not extend more than 2 years in addition to the period of participation in youth preparatory activities and first-tier remediation and training.

(c) All contracts shall specify the classroom and on-the-job training that will be provided, the skills that are to be acquired, the entry requirements for participants, the completion standards, and a good faith commitment of employment for all completers.

(d) The jobs for which training occurs must be in expanding employment occupations with career prospects and an entry wage at least double the Federal minimum wage.

(e) The corporations and associations may include companies operating Government-owned energy facilities, defense contractors, synfuel grant recipients, and other recipients of Federal contracts.

(f) The training may not result in displacement of, nor forestall the advancement opportunities of, currently employed workers.

(g) If a labor organization represents employees of the corporation or association of corporations who are engaged in the same work as the occupation of training, such organizations shall be notified and shall be afforded a reasonable period of time prior to the submission of the application in which to make comments to the Secretary.

(h) No national advanced career training position funded may be refilled unless 3 of every 4 completers has been placed in a training-related job at a wage at least double the Federal minimum, and unless completion rates are reasonable considering the competencies of participants and the requirements of the training.

(i) In allocating opportunities for national advanced career training—

(1) all States shall be notified of opportunities available under this subpart;

(2) the allocation of such opportunities shall be proportioned to each State's share of the Nation's labor market-related economic hardship; and

(3) the States shall be responsible for recruiting individuals from labor market areas.

(j) To be eligible, individuals must have successfully completed youth preparatory activities or first-tier remediation and training activities.

FEDERAL LABOR MARKET INFORMATION PROGRAM

SEC. 327. (a)(1) The Secretary shall reserve such sums as may be necessary to operate a Federal/State cooperative statistical labor market information program in accordance with the provisions of this section.

(2) Notwithstanding any other provision of law, funds available to other Federal agencies for carrying out chapter 35 of title 44 of the United States Code, the Vocational Education Act of 1963, and the Act of June 6, 1933 (popularly known as the Wagner-Peyser Act), may be made available by the head of each agency to assist in carrying out the provisions of this section.

(b) The Secretary shall maintain a comprehensive national system of labor market information on a national, State, local, and other appropriate basis which shall be made publicly available in a timely fashion.

(c) In carrying out the provisions of this section, the Secretary shall assure that—

(1) departmental data collecting and processing systems are consolidated to eliminate overlap and duplication;

(2) the criteria of chapter 35 of title 44 of the United States Code is met; and

(3) statistical reliability and national standardized definitions of employment, unemployment, and occupational definitions shall be used.

(d) The Secretary shall maintain, on a national, State, local, and other appropriate basis, household budget data at different levels of living (including a level of adequacy), designed to reflect the differences of household living costs in national regions, States, and both rural and urban locations.

(e) The Secretary shall publish, at least annually, a report linking labor force status with earnings and income.

(f)(1) The Secretary, in cooperation with the Secretary of Commerce, the Secretary of Defense, the Secretary of the Treasury, the Secretary of Education, and the Director of the Office of Management and Budget, shall—

(A) review the need and the application of all operating national data collection and processing systems in order to identify gaps, overlap, and duplications, and integrate at the national level currently available data sources in order to improve the management of information systems;

(B) maintain, assure timely review, and implement national standardized definitions with respect to terms, geographic areas, timing of collection, and coding measures, to the maximum extent feasible;

(C) provide technical assistance to the States in the development, maintenance, and utilization of labor market/occupational supply and demand information systems as described in section 227, with special emphasis on assistance in the utilization of cost-efficient automatic systems and improving access of individuals to career opportunities information in local and State labor markets; and

(D) assure that occupational analysis is conducted relative to job duties, requirements, methods of entry, training expectations, and related factors for the Nation's labor force.

(2) The Secretary, in cooperation with the Secretary of Defense, shall assure the development of an integrated occupational supply/demand information system to be used by

States and, in particular, in secondary and postsecondary educational institutions in order to assure young persons adequate information on career opportunities in the Armed Forces.

(3) The Secretary and the Director of the Office of Management and Budget, under the authority of the Federal Paperwork Act, shall assure that, from the funds reserved for this section, sufficient funds are available to provide staff at the Federal level to assure the coordination functions described in this section.

PART C—OVERSIGHT OF STATE AND LABOR MARKET AREA INVESTMENT ACTIVITIES

STATEMENT OF PURPOSE

SEC. 331. It is the purpose of this part to provide a national framework for planning, decisionmaking, management, and delivery of investment activities authorized under title I and title II, to provide adequate oversight to assure that the States are effectively executing the authorities delegated to them under title II, including oversight of labor market area activities, and to provide rewards for effective performance by States and labor market areas.

FISCAL CONTROLS

SEC. 332. (a)(1) The Secretary shall specify minimum standards for fiscal control and fund accounting for State and labor market area investment activities funded under this Act.

(2) Each State shall submit to the Secretary a description of fiscal control and fund accounting procedures. The Secretary will review these procedures and may require amendments thereto if he finds them inadequate for their purposes. Once accepted, these procedures will be utilized by all State and labor market area activities.

(3) The Secretary may develop alternative prototypes which may be adopted by the States without approval by the Secretary.

(b)(1) The Secretary will require at least annual audits of all expenditures under this Act.

(2) Each audit shall be conducted by an entity independent of any agency administering the funds and shall be conducted in accordance with generally accepted accounting principles and consistent with standards provided by the Comptroller General of the United States.

(3) The Inspector General of the Department of Labor shall periodically evaluate the expenditures of recipients of grants under this Act in order to assure that expenditures are consistent with the provisions of this Act and to determine the effectiveness of the recipient in accomplishing the purposes of this Act.

(4) The Secretary of Labor shall conduct, each year, comprehensive reviews in at least 10 States and labor market areas within these States, in order to evaluate the effectiveness of fiscal controls and audit procedures.

(5) The Secretary will review the summaries of audit findings provided annually by each State and may investigate such conditions, practices, or other matters deemed necessary to determine whether any recipient of funds had violated any provision of this Act.

(c)(1) Recipients, including those receiving direct financial assistance from the United States and those receiving subgrants or contracts, shall be liable to repay amounts found not to have been expended in accordance with this Act.

(2) If the Secretary determines that the misexpenditure of funds was due to a reason other than willful disregard of statutory requirements, gross negligence or failure to observe accepted standards of administration, the amount of misexpended funds may be subtracted from any other amount to which the recipient is or may be entitled.

(3) If the State has identified misexpenditures in investment activities in the State, the State may subtract the misexpended funds from any amount to which the contractor or subgrantee is or may be entitled or may recover willfully misexpended funds from the contractor or subgrantee.

(4) Where the State identifies misexpenditures and recovers funds, these funds may be utilized for State-operated programs authorized in title II, part D.

(5) If the Secretary, upon review of the actions of a State in regard to problems identified through State audit and monitoring reports or as a result of Federal audits and monitoring, determines that the State is not taking necessary action to recover misexpended funds, the Secretary may intervene and the recovered funds will be utilized for Federal activities authorized under title III, part D, program improvement and support.

REPORTING REQUIREMENTS

Sec. 333. (a) The Secretary shall establish a uniform management information system for use in programs funded under this Act.

(b) This information system will include, for participants in preemployment training, entry employment experience, remediation and training activities, advanced career training and Job Crops—

(1) detailed characteristics of participants including family income, labor force status at entry, and work experience over the previous year, plus information on other factors affecting employability, as well as information on academic competencies as assessed by standardized tests of reading and mathematics achieve-

ment, and information on vocational preferences and aptitudes as assessed by standardized tests;

(2) information on the hours of treatment of each type received by each participant as well as the estimated public costs of these treatments and the allowances and wages received during participation;

(3) information on the competencies attained by these individuals including educational certifications, apprenticeship completions, and vocational competencies, and employability skills certifications as specified in the management information system; and

(4) information on termination status and six-month post program outcomes, including information on the relationship between training assignments and secured jobs in the post program period and improvements in hourly wage rates.

(c) For labor exchange activities and for school-to-work transition assistance, minimal information will be required covering the characteristics of individuals, services received, and immediate outcomes including job placements, types of jobs and wages.

(d) Each State will be required to provide annual summary information as specified by the Secretary concerning the performance of all investment activities by the State and labor market areas within the State.

PRIVATE SECTOR INVOLVEMENT

SEC. 334. (a) In order to facilitate the participation of private for-profit contractors in the management and delivery of services authorized by this Act, the Secretary shall issue guidelines covering appropriate procedures for private sector contracting.

(b) The guidelines will include limits on fees, standards for cost-plus contracting, exclusion of transactions from gross receipts by private for-profit contractors, means to assure timely payment of all reimbursable costs and coverage of the interest costs of contracts where delays in payment occur, standards for risk insurance against fraud and abuse and allowable expenditures for such insurance.

(c) The effect of these guidelines shall be to assure that private for-profit management and delivery contractors can compete on equal terms with nonprofit and public agencies, and that the full costs of public support of nonprofit and public agencies will be considered in these cost comparisons.

PERFORMANCE SUPPLEMENTS

SEC. 335. (a) The Secretary shall develop a performance rating system with separate criteria and criteria weights for youth preparatory activities, labor market exchange activities, and remediation and training activities.

(b) The performance of each labor market area's youth preparatory programs, labor market exchange activities and remediation and training, shall be ranked annually relative to other labor market areas according to the following criteria and weights:

(1) Rankings shall be based on the statistical data standardized management information system annual reports and what other information as the Secretary deems relevant.

(2) The performance criteria shall give due consideration to the effects of varying labor market conditions and client groups so that high unemployment areas and those serving a more disadvantaged population are not penalized.

(3) Based on the annual assessment, the youth preparatory programs, remediation and training, and labor exchange activities of each labor market area will each be classified as exemplary performers, adequate performers, and inadequate performers.

(4) Funds available for performance supplements will be divided so that the inadequate performers receive no supplementation, while the supplementation for exemplary performers, measured as a percentage of needs-based grants, is double the supplementation of adequate performers.

(5) The supplements will be determined on each previous year's performance and added to the grant of each labor market area for the year following.

(6) Each State and labor market area will be provided a performance report summarizing the basis for relative ratings. The State, on behalf of any labor market area in the State, may appeal the rating to the Secretary.

(c) The Secretary is authorized to distribute supplements in fiscal year 1984 and fiscal year 1985 according to qualitative standards concerning the effectiveness and comprehensiveness of implementation in each State. For this interim period, the Secretary will issue guidelines and implementation benchmarks which will recognize—

(1) development of business/labor advanced career training opportunities by the State and labor market area;

(2) development of curricula prototypes, competency standards, and certifications;

(3) integration of State vocational education and vocational rehabilitation with the labor force investment decisionmaking system established under this Act;

(4) expansion of apprenticeship within the States; and

(5) completion of comprehensive assessment of human services programs in the State and labor market area in order to prepare for implementation of this Act.

PART D—PROGRAM IMPROVEMENT AND SUPPORT

STATEMENT OF PURPOSE

SEC. 341. The purpose of this part is to provide technical assistance, improve curricula and service approaches, encourage State improvement efforts, evaluate the effectiveness of investment activities, and maintain the capacity of national intermediaries to assist in replicating approaches of demonstrated effectiveness.

DISTRIBUTION OF FUNDS

SEC. 342. Of funds available for this part—

(1) one-half are available for improvement and development grants to States (section 343);

(2) one-fourth are available for Federal research and evaluation (section 344); and

(3) one-fourth are available for core support of national intermediaries (section 345).

IMPROVEMENT AND DEVELOPMENT GRANTS TO STATES

SEC. 343. (a) The Secretary is authorized to make grants to States to assist them in improving investment activities through—

(1) development and dissemination of curricula;

258

(2) preservice and inservice training;

(3) support of computer uses in the management and delivery of services;

(4) development of training competencies in new occupational areas;

(5) State research and evaluation activities;

(6) management assistance; and

(7) dissemination of findings on model programs and approaches.

(b) The Secretary shall designate priorities each year and shall distribute grants on an application basis.

FEDERAL RESEARCH AND EVALUATION

SEC. 344. (a) The Secretary is authorized to fund demonstration projects, research, evaluation, and curriculum development activities that may include, but are not limited to—

(1) development and testing of competency-based curricula for preemployability skills training, remedial education, and vocational instruction;

(2) studies to determine expanding occupations where training is feasible and to identify training activities in the private sector;

(3) efforts in support of expanded apprenticeship;

(4) studies of the problems of special needs groups and how they can best be served;

(5) assessment of the effectiveness of services provided and programs supported by national intermediaries;

(6) development activities to train personnel to work with and assist handicapped individuals;

(7) identification and development of advanced training opportunities generated by Federal Government activities such as synfuel development;

(8) studies of management techniques and staffing needs to effectively deliver investment activities; and

(9) testing of computer-assisted and computer-managed instruction.

(b) The Secretary shall maintain an ongoing evaluation of investment activities in a stratified sample of labor market areas and States, as well as contracting for periodic evaluations of Job Corps and other nationally operated projects.

(c) The Secretary, in the annual report to Congress, shall summarize the results of activities funded under section 343 and this section.

SUPPORT OF NATIONAL INTERMEDIARIES

SEC. 345. (a) The Secretary is authorized to provide core support grants to nationally networked organizations including—

(1) community-based organizations;

(2) nonprofit intermediary organizations providing technical support for exemplary programs; and

(3) associations of delivery and management agents.

(b)(1) Funding provided under this section at the national level shall be limited to that necessary to maintain the capacity to provide technical assistance and support on a contract basis to States and labor market areas.

(2) Any grantees under this section must meet the "market test" demonstrating, within a reasonable period, that their services provided are sustainable by State and labor market area contracts.

(3) The Secretary shall assess the services provided by each national intermediary, including ratings by State and labor market area users of these services, and will make available to States and localities these evaluations.

PART E—NATIONAL LABOR FORCE INVESTMENT BOARD

STATEMENT OF PURPOSE

SEC. 351. The purpose of this part is to establish a National Labor Force Investment Board that will advise the President, Congress, and the Secretary concerning national labor force investment policies, programs, and practices, will provide assistance to State and labor market area investment boards, will coordinate occupational information, computer usage, competency standards, and other issues, and will support and coordinate industrywide labor force investment committees.

ORGANIZATION OF BOARD

SEC. 352. (a)(1) There is to be established a National Labor Force Investment Board. The Investment Board shall be composed of 15 members, broadly representative of labor organizations, industry, commerce, education (including vocational and technical education), and community-based organizations.

(2) The Secretary of Education, the Secretary of labor, the Secretary of Health and Human Services, the Secretary of Defense and other Federal officials concerned with employment, education, and training issues would be appointed to the National Labor Force Investment Board in an ex officio capacity.

(3) At least 5 of the members shall be chairpersons of State or labor market area labor force investment boards.

(4)(A) The chairpersons of the National Advisory Council on Vocational Education, and the National Advisory Council on Apprenticeship shall be among the 15 members of the National Labor Force Investment Board.

(B) The President may consolidate the National Advisory Council on Vocational Education and the National Advisory Council on Apprenticeship with the National Labor Force Investment Board.

(5) Members shall be appointed to rotating 3-year terms. A chairperson shall be designated by the President from among the 15 appointed members.

(6) The Investment Board shall establish committees, with appropriate staff support, to focus on apprenticeship, vocational education, vocational rehabilitation, occupational and labor market information, special needs groups, and employment policy issues including economic development.

(7) The Investment Board may establish and provide support for industrywide Labor Force Investment Committees which shall develop industry training standards and policies, including expansion of apprenticeship, identify opportunites for business/labor advanced career training, and coordinate public and private sector investment activities in these industries.

(b) The National Labor Force Investment Board shall—

(1) assume all responsibilities authorized for the National Commission for Employment Policy by the Comprehensive Employment and Training Act, the National Coordinating Committee for the work incentive program authorized under title IV of the Social Security Act, and the National Occupational Information Coordinating Committee authorized under the Vocational Education Act of 1963;

(2) coordinate or consolidate, or both, the functions of the National Advisory Council on Vocational Education, authorized by the Vocational Education Act of 1963 and, the National Advisory Council on Apprenticeship, established under the National Apprenticeship Act of 1937; and the reports of each of these bodies shall be consolidated into a single annual report by the National Labor Force Investment Board;

(3) collaborate where appropriate with the Secretary on activities specified in sections 326 through 345, including such activities as—

(A) developing contract procedures for the national business/labor advanced career training;

(B) advising the Secretary regarding the necessary information to be collected through the management information system;

(C) suggesting the guidelines for issue by the Secretary regarding appropriate procedures for private sector contracting;

(D) reviewing the performance rating system for supplements;

(E) developing, reviewing, and commenting on regulations promulgated by the Secretary; and

(F) developing national performance standards;

(4) assess publicly and privately funded human resource development activities and recommend to the President and Congress how these activities can be better integrated into a consistent and coordinated approach for improving the productive capacity and utilization of the American labor force, and such assessments and recommendations should assess the feasibility of—

(A) the financing of publicly supported labor force investment activities, in part, through employer taxes, with credits for employers who sponsor entry training and who collaborate with public training activities;

(B) the integration of Federal aid for vocational education with activities funded under this Act;

(C) the integration of Federal and State vocational rehabilitation with the activities financed under this Act;

(D) the integration of federally funded postsecondary education tuition support for economically disadvantaged students into the investment activities financed under this Act in order to provide a GI-bill-type voucher as one treatment option for those in need of training and remediation;

(E) the coordination of investment activities supported under this Act with countercyclical measures such as employment-generating countercyclical revenue-sharing, conservation programs on Federal lands, large-scale Federal projects, and public works activities, including use of tryout employment, on-the-job training and social bonuses in the public and nonprofit sectors as a means to assure that the economically disadvantaged will secure a reasonable share of any jobs created under such countercyclical activities; utilizing the labor market area labor exchange systems as the recruiting and referral mechanism for all countercyclically generated employed, and creating advanced career training opportunities in conjunction with any job creation; and

(F) the provision of tax incentives to employers to encourage cooperation with the apprenticeship approach and possible amendments to the Fair Labor Standards Act and other legislation to provide lower wages during the first stages of apprenticeship in order to encourage the hiring and training of young adults;

(5) identify the training and remediation which occurs or may be arranged in the private sector, the large employers with their own training facilities, and the potential uses of such facilities in conjunction with national and State business/labor advanced training programs;

(6) identify the training and remediation which occurs or may be arranged in the Federal Government sector and its contractors, and the potentials for developing advanced career training in the Federal sector;

(7) determine, in conjunction with the education system and employers, the basic educational competencies needed for entry into the labor market and develop a system, similar to the general education development test, whereby States can set standards for certification consistent with this national framework;

(8) develop prototype competency standards and skills hierarchies for preemployment skills training, remedial education, general education development test preparation, and the most common occupations of vocational training; support the screening and referencing of available public and private sector instructional materials relative to these competency frameworks, and provide these prototype materials and standards to States and labor market areas;

(9) assess apprenticeship registrations nationally and in each State to determine new and expanding occupations where apprenticeship might be instituted as well as occupations where specific States might expand their apprenticeship system based on the positive experience of other States;

(10) coordinate occupational information collection, analysis and dissemination in the States by activity;

(11) encourage, where reasonable, the expanded use of computers in the management and delivery of investment activities;

(12) provide technical assistance to State and labor market areas labor force investment boards and facilitate the interchange of ideas and materials concerning planning, management, and monitoring techniques.

(13) coordinate the development of industry training standards and policies through support of industrywide business/labor committees.

ADMINISTRATIVE PROVISIONS

SEC. 353. The National Labor Force Investment Board is established as a nonprofit public corporation under contract to the Department of Labor with funds provided under this Act. The Investment Board is authorized to—

(1) appoint and determine the reasonable compensation of such staff personnel as the chairperson deems necessary;

(2) secure the services of experts and consultants;

(3) enter into contracts and make such other amendments and modifications as may be necessary;

(4) accept voluntary and uncompensated services of professional personnel, consultants, and experts, notwithstanding any other provision of law;

(5) accept in the name of the United States and employ or dispose of gifts or bequests to carry out the functions of the Commission under this title;

(6) conduct such studies, hearings, research activities and demonstration projects, and other such activities as the Investment Board deems necessary to carry out its functions; and

(7) provide grants to business/labor labor force investment committees established on an industrywide basis to develop industry training standards and policies, to identify opportunities for business/labor advanced career training, and to coordinate public and private sector investment activities, but—

(A) the Investment Board may provide full financing for staffing and technical support of these committees during a reasonable startup period;

(B) after this reasonable startup period, private business must match the contributions of the National Labor Force Investment Board in maintaining these industrywide business/labor investment committees.

○

I

97TH CONGRESS
2D SESSION

H. R. 5533

To provide for a job training program and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

FEBRUARY 10, 1982

Mr. PETRI (for himself and Mr. ASPIN) introduced the following bill; which was referred to the Committee on Education and Labor

---

A BILL

To provide for a job training program and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Training for Jobs Act".

TABLE OF CONTENTS

Sec. 2. Definitions.

TITLE I—STATE JOB TRAINING PROGRAM

Sec. 101. Allotment; allocation.
Sec. 102. Service delivery area.
Sec. 103. Planning the program.
Sec. 104. Program administration.
Sec. 105. Program elements.

TITLE II—NATIONAL JOB TRAINING PROGRAMS

PART A—NATIVE AMERICAN EMPLOYMENT TRAINING PROGRAMS

Sec. 201. Purpose and policy.
Sec. 202. Program authorized.

PART B—MIGRANT AND SEASONAL FARMWORKER EMPLOYMENT TRAINING PROGRAMS

Sec. 211. Statement of findings.
Sec. 212. Program authorized.

PART C—RESEARCH, EVALUATION, PILOT PROJECTS, AND TECHNICAL ASSISTANCE

Sec. 221. Research.
Sec. 222. Evaluation.
Sec. 223. Pilot projects.
Sec. 224. Training and technical assistance.

PART D—LABOR MARKET INFORMATION

Sec. 231. Cooperative labor market information program.
Sec. 232. Federal responsibilities.
Sec. 233. State labor market information programs.

TITLE III—ADMINISTRATIVE AND GENERAL PROVISIONS

Sec. 301. Authorization of appropriations; program year.
Sec. 302. Distribution of funds.
Sec. 303. Performance criteria.
Sec. 304. Fiscal controls.
Sec. 305. Reports, recordkeeping, and investigations.
Sec. 306. Affirmative action.
Sec. 307. Commission on Employment and Productivity.
Sec. 308. Administrative provision.
Sec. 309. Repeal.

TITLE IV—AMENDMENTS TO THE WAGNER-PEYSER ACT

Sec. 401. Public employment offices program.

TITLE V—DISLOCATED WORKERS

Sec. 501. Authorization; allotment.
Sec. 502. Identification of dislocated workers.
Sec. 503. Program elements.
Sec. 504. Local participation.

TITLE VI—COORDINATION OF JOB TRAINING ACTIVITIES

Sec. 601. Use of private industry councils.
Sec. 602. Advisory councils.
Sec. 603. Performance of services by State agencies receiving Federal assistance for training.

DEFINITIONS

SEC. 2. As used in this Act—

(1) the term "artificial barriers to employment" means limitations in the hiring, firing, promotion, li-

censing, and other terms and conditions of employment which are not directly related to an individual's fitness or ability to perform the duties required by the employment position;

(2) the term "community-based organizations" means private nonprofit organizations which are representative of communities or significant segments of communities and which provide employment training services (for example, Opportunities Industrialization Centers, the National Urban League, SER-Jobs for Progress, United Way of America, Mainstream, the National Puerto Rican Forum, neighborhood groups and organizations, community action agencies, community development corporations, vocational rehabilitation organizations, rehabilitation facilities (as defined in section 7(10) of the Rehabilitation Act of 1973), agencies serving youth, union-related organizations, and employer-related nonprofit organizations);

(3) the term "economically disadvantaged" means a person who (A) receives, or is a member of a family which receives cash welfare payments under a Federal, State, or local welfare program; (B) has, or is a member of a family which has, received a total family income for the six-month period prior to application for the program involved (exclusive of unemployment com-

pensation and welfare payments) which, in relation to family size, was not in excess of the higher of (i) the poverty level determined in accordance with criteria established by the Director of the Office of Management and Budget, or (ii) 70 per centum of the lower living standard income level; or (C) is receiving food stamps, pursuant to the Food Stamp Act of 1977;

(4) the term "Governor" means the chief executive of any State;

(5) the term "Hawaiian native" means any individual any of whose ancestors were natives, prior to 1778, of the area which now consists of the Hawaiian Islands;

(6) the term "long-term unemployed" means a person who has been unemployed for fifteen weeks or more;

(7) the term "lower living standard income level" means that income level (adjusted for regional, metropolitan, urban, and rural differences and family size) determined annually by the Secretary based upon the most recent "lower living family budget" issued by the Secretary;

(8) the term "offender" means any adult or juvenile who is or has been subject to any stage of the criminal justice process for whom employment and

training services may be beneficial or who requires assistance in overcoming artificial barriers to employment resulting from a record of arrest or conviction;

(9) the term "recipient" means any person, organization, unit of government, corporation, or other entity receiving financial assistance under this Act whether directly from the Secretary, or through another recipient by subgrant, contract, subcontract, agreement, or otherwise;

(10) the term "Secretary" means the Secretary of Labor;

(11) the term "State" includes the several States, the District of Columbia, the Commonwealth of Puerto Rico, the Virgin Islands, Guam, the Northern Mariana Islands, American Samoa, and the Trust Territory of the Pacific Islands;

(12) the term "supportive services" means services which are designed to contribute to the employability of participants, enhance their employment opportunities, assist them in retaining employment, and facilitate their movement into permanent employment not subsidized under the Act. Supportive services may include health care, transportation, temporary shelter, child care, and financial counseling and assistance;

(13) the term "unemployed persons" means persons who are without jobs and who want and are available for work. The determination of whether persons are without jobs shall be made in accordance with the criteria used by the Bureau of Labor Statistics of the Department of Labor in defining persons as unemployed;

(14) the term "unit of general local government" means any city, municipality, county, town, township, parish, village, or other general purpose political subdivision which has the power to levy taxes and spend funds, as well as general corporate and police powers; and

(15) the term "youth" means individuals who have not yet reached age 19.

TITLE I—STATE JOB TRAINING PROGRAM

ALLOTMENT; ALLOCATION

Sec. 101. (a)(1) Seven per centum of the amount appropriated pursuant to section 301(a) for each fiscal year shall be allotted to the States in the same manner as provided in subsection (b) (2) and (3). The amount allotted under this paragraph shall be available to the Governor of each State.

(2)(A) Not more than 10 per centum of the amount allotted under paragraph (1) of this subsection to each State may be used for the costs of auditing activities and other statewide administrative activities under sections 304 and 305.

(B) The remainder of the amount allotted under paragraph (1) of this subsection to each State shall be used for programs and activities pursuant to section 105(e).

(b)(1) The remainder of the amount appropriated pursuant to section 301(a) for each fiscal year after complying with the set-aside under section 302(a), relating to national programs, and subsection (a) of this section shall be allotted in accordance with this subsection.

(2) Two per centum of the amount allotted under this subsection for each fiscal year shall be allotted to the Commonwealth of Puerto Rico, and not more than $5,000,000 among Guam, the Virgin Islands, American Samoa, the Trust Territory of the Pacific Islands, and the Northern Mariana Islands.

(3) Of the remainder of the amount allotted under this subsection for each fiscal year—

(A) 50 per centum shall be allotted on the basis of the relative number of long-term unemployed persons within the State compared to the total number of long-term unemployed persons in all States; and

(B) 50 per centum shall be allotted on the basis of the relative number of economically disadvantaged persons who are in the labor force within the State compared to the total number of economically disadvantaged persons who are in the labor force in all States.

(4) For the purpose of paragraph (3)—

(A) the term "State" does not include the Commonwealth of Puerto Rico, Guam, the Virgin Islands, American Samoa, the Trust Territory of the Pacific Islands, and the Northern Mariana Islands; and

(B) the term "long-term unemployed persons" means the average number of persons who have been unemployed for at least fifteen weeks for the most recent two-year period preceding the year for which the determination is made.

(c)(1) The sum allotted under subsection (b) to each State shall be allocated by the Secretary among service delivery areas within the State on the basis of the relative number of economically disadvantaged persons who are in the labor force in each service delivery area within the State compared to the total number of such persons within the State.

(2) The substate allocations required by this subsection shall be made on the basis of 1980 census data until the Governor of the State and the Secretary of Labor agree that there is more recent statistical data for making the substate allocations which is sufficiently reliable to make such allocations.

SERVICE DELIVERY AREA

SEC. 102. (a) A service delivery area is any area served in fiscal year 1982 by a prime sponsor established under the Comprehensive Employment and Training Act, except that, with respect to any area for which the State was a prime sponsor, the Governor may designate subdivisions of the State as service delivery areas within the State if services under that Act were planned or administered for such subdivisions. Service delivery areas established under this subsection shall remain in effect until they are changed in accordance with subsection (b) of this section.

(b)(1) The Governor may propose tentative revisions in service delivery areas for the State if he determines that the revised area will—

(A) promote substantially more effective delivery of job training services;

(B) have available an effective agency for administering job training services; and

(C)(i) be more consistent with labor market or Standard Metropolitan Statistical Area boundaries than the prior area but the requirement of this clause shall not be construed to require the Governor to designate an entire labor market area; or

(ii) be more consistent with existing areas in which related services are provided under other State or Federal programs.

(2) Any tentative revisions proposed by the Governor under paragraph (1) shall include a written description of the reasons therefor.

(3) After the Governor has proposed such tentative areas, chief elected officials of units of general local government may petition to have areas designated as service delivery areas either as proposed by the Governor or with modifications. Such petitions shall be jointly filed by the units of general local government and the private industry council, except that separate petitions may be filed if no agreement can be reached between the chief elected officials and the private industry council. Such petitions shall include the views of other chief elected officials and private industry councils in the affected areas and shall include any agreements made concerning planning or administration of programs in the proposed service delivery area.

(4) The Governor shall review each petition and may approve each petition, with or without modification. The Governor shall approve any petition that includes the agreement of both the private industry councils and chief elected officials of the affected interim service delivery area, unless he determines, for good cause shown, that such agreement

will not carry out the provision of the Act. A disapproval under the preceding sentence of the Governor may be appealed to the Secretary of Labor.

(5) The Governor shall approve any petition from a unit of general local government with a population of two hundred and fifty thousand or more to be a service delivery area for that unit of government unless (A) the private industry council does not concur, and (B) the Governor makes specific findings of fact why inclusion of that unit of local government in a larger area will promote the purposes of this Act either because such area is needed to accommodate labor market factors or to coordinate with other related service delivery areas. If the Governor and the unit of general local government cannot reach agreement, the dispute resolution provisions of section 103(e)(3)(C) shall apply.

(c) No change in a service delivery area may be made later than four months before the beginning of a program year or within two years of a previous revision.

(d) Each Governor shall report to the Secretary annually on changes in service delivery areas within the State made during the year. If interim areas established under subsection (a) remain in effect, the Governor shall include in the report the reasons for each area why change was not made.

PLANNING THE PROGRAM

SEC. 103. (a) A program plan shall be prepared in accordance with provisions of subsection (c) for any program year that begins more than ninety days after the certification of a private industry council under subsection (b). Until the beginning of such program year, a program plan shall be prepared by the prime sponsor established under the Comprehensive Employment and Training Act.

(b)(1) There shall be a private industry council for every service delivery area to be selected in accordance with this subsection. Each council shall consist of—

(A) representatives of private industry, who shall constitute a majority of the membership of the council; and

(B) representatives of units of general local government, educational agencies, organized labor, community-based organizations, economic development agencies, and the employment service.

(2)(A) Representatives of private industry shall be owners of business concerns, chief executives or chief operating officers of for-profit organizations, or other officers of business concerns who have or have had profit and loss responsibility for an autonomous part of a business.

(B) Private industry representatives on the council shall be selected from among individuals nominated by general purpose business organizations operating within the area and shall include representation from small business. For the purpose of this subparagraph, the term "general purpose business organizations" means organizations which admit to membership any for-profit business operating within the geographic area.

(C) The chief elected officials of units of general local governments within the service delivery area shall appoint members to the council from the individuals so nominated in accordance with an agreement entered into by the units of general local government within the service delivery area. In the absence of such an agreement, the appointment shall be made by such officials, in proportion that the economically disadvantaged population of the unit of general local government has to the total economically disadvantaged population of the service delivery area. Any fractional appointments shall be allocated to the largest unit of government. Members may be replaced only with the concurrence of the nominating and appointing authorities in accordance with the provisions of this paragraph or in accordance with the bylaws of the private industry council.

(3) The remaining representatives on the council shall be selected by agreement between chief elected officials of units of general local government from individuals recommended by interested organizations. If agreement cannot be

reached, other representatives shall be selected by the Governor on the basis of such recommendations.

(4) The number of members of the council shall be determined by agreement among the chief elected officials of units of general local government and, in the absence of such agreement, by the Governor.

(5) The Governor shall certify a private industry council when he determines that its composition and appointments are consistent with the provisions of this subsection. Such certification shall be made or denied within thirty days after the date on which a list of members is submitted to the Governor.

(6) In determining the population of a unit of general local government, for the purpose of paragraph (2)(C), there shall be excluded the population of any general local government over fifty thousand population within the boundaries of any other such unit. The population of a unit of general local government shall not be counted if it has population under fifty thousand and is included in the boundaries of a larger general unit of local government.

(c) When the private industry council is certified by the Governor, the council shall—

(1) prepare the program plan for the service delivery area; and

(2) certify training institutions and other agencies pursuant to section 105(d).

In order to carry out its functions under this subsection, the council may hire such staff and exercise such other powers as may be necessary to prepare the plan.

(d) Each program plan shall contain—

(1) a description of services and programs to be furnished within the service delivery area;

(2) procedures for identifying and selecting participants;

(3) procedures for selecting service providers;

(4) the budget for the program year in such detail as the private industry council determines necessary, including any proposed expenditures for the succeeding program years;

(5) expected performance accomplishments and a comparison with the performance of the previous program year; and

(6) an annual report of the activities conducted in the service delivery area in the previous program year.

(e)(1) Each private industry council shall publish a proposed plan one hundred and twenty days before the beginning of a program year and provide interested parties an opportunity for comment. The council may hire a hearing examiner to hold hearings if necessary. The final plan shall be published not later than eighty days before the program year and shall be submitted to the Governor jointly by the private industry council and the chief elected official in the service delivery area, or, if there is more than one such official in the area by their designated representative. If such official or representative does not agree with all or any part of the plan, the private industry council shall reconsider the plan, in whole or in part. If the disagreement cannot be resolved after mediation by the Governor, the proposed plan together with proposed revisions shall be presented to the Governor for resolution.

(2) The Governor shall approve the plan unless—

(A) the Governor finds for specific reasons that the plan will not meet performance criteria,

(B) the Governor determines that the proposed program will not serve the economically disadvantaged, or

(C) the plan does not provide corrective measures for deficiencies found in audits or other assessments from previous years.

(3)(A) The Governor shall disapprove the plan if he finds that it will not provide equality of access to all segments of the disadvantaged community in the area.

(B) Any disapproval by the Governor shall be made within thirty days after the date that the plan is submitted.

(C) If after disapproval by the Governor, the matter cannot be resolved within thirty days, the matters in dispute shall be submitted to the Secretary of Labor for arbitration. The Secretary shall decide the matters in dispute within thirty days after receiving the submission under this subparagraph.

PROGRAM ADMINISTRATION

SEC. 104. (a) Funds allocated for use in any service delivery area shall be available to the entity qualifying as the prime sponsor for that area until the Governor takes action pursuant to subsection (b), if the prime sponsor agrees to administer the funds received in accordance with a plan approved under section 103. If the prime sponsor is not willing to enter into such agreement, the funds shall be administered by an entity jointly agreed to by the private industry council certified under section 103 and the Governor, and if there is no council certified under section 103, by an entity selected by the Governor.

(b)(1) The private industry council and the chief elected official in the service delivery area or their designated representative if there is more than one such official in the area may jointly apply to the Governor to have the private industry council designated as the recipient and administrator of funds allocated for use in that area. The designation shall be made if the Governor determines that—

(A) the private industry council will have the administrative capacity to administer such funds;

(B) there are adequate safeguards for the protection of public funds received by the private industry council; and

(C) the private industry representatives on the private industry council are in favor of such designation.

(2) In any service delivery area in which no joint petition has been filed under paragraph (1), the Governor may designate the private industry council as the recipient and administrator of funds allocated for use in that area if he finds that the conditions in clauses (A), (B), and (C) of subsection (b)(1) are met, the majority of the members of the private industry council are in favor of such designation, and the administrator has not adequately carried out the requirements of this Act.

(3) No designation may be made by the Governor without notice to units of general local government in the service delivery area and an opportunity for such governments and other interested parties to be heard by the Governor or his designee.

(4) Not more than 20 per centum of the funds available for any program year in any service delivery area may be used to pay for the costs of administration (including evaluation) in that area.

(5) Whenever a private industry council has been designated as the recipient and administrator of funds allocated under this title, at least 80 per centum of the funds available in any fiscal year, excluding funds used for administration and on-the-job training programs, shall be subcontracted by the council.

(c)(1) In order to assist the Governor in making the decisions and determinations required under this title, the Governor may establish a State job training council. In order to be eligible for assistance under this title, at least one-fourth of the members of the council shall be business representatives of private industry councils, and the remainder shall be representatives of units of general local government, labor, the economically disadvantaged, and State or other public agencies as the Governor determines have a significant interest in the operation of job training programs in the State.

(2) The Council may—

(A) advise the Governor on his decisions under this title;

(B) review and evaluate, including making recommendations for changes in State or Federal legislation or operations, programs and policies related to job training and related programs; and

(C) conduct planning activities under section 105(e).

PROGRAM ELEMENTS

SEC. 105. (a) Funds allocated to service delivery areas under this Act may be used for—

(1) basic and remedial education, institutional and on-the-job training, counseling, occupational training, preparation for work, job search training and any other activity designed to prepare disadvantaged persons for and place them in employment;

(2) supportive services necessary to enable persons to participate in the program and to assist them in retaining employment;

(3) the wages of participants as employees of a public or private not-for-profit organization for a period of up to 6 weeks while such persons perform services for a private for-profit employer as part of a program to place the participant in regular employment with such employer;

(4) payments to private for-profit employers for on-the-job training, and such payments shall not exceed the costs to such employer of providing such training;

(5) reimbursement of participants for costs incurred in participating in programs, but such funds shall not be available for the payments of stipends or allowances; and

(6) employment generating activities to increase job opportunities for eligible persons in the area.

Costs under clause (4) may be determined by any reasonable method such as a percentage of wages paid, including a declining percentage related to the participant's increased productivity as the participant progresses through the training period. The restriction contained in clause (5) shall not preclude the payment of modest sums to persons who have successfully completed all or an identifiable part of a program or have special needs due to participation in long-term training.

(b)(1) An amount equal to at least the percentage of funds determined under paragraph (2) but not more than one and one-half times that percentage shall be available for any program year in any service delivery area to provide services to individuals under the age of 22.

(2) The percentage in paragraph (1) shall be 50 per centum adjusted by the difference that the ratio of disadvantaged youth to disadvantaged adults in the service delivery area bears to that ratio for all States.

(c) A person shall be eligible to participate in a program conducted or assisted with funds allocated to a service delivery area under this Act only if the person is economically disadvantaged, except that not to exceed 10 per centum of the participants may be individuals who are not economically disadvantaged if such individuals have encountered barriers to employment. Such individuals may include individuals who are physically handicapped, have limited English-speaking ability, are displaced homemakers, ex-offenders, alcoholics, or addicts or are workers identified under section 502.

(d)(1) In selecting agencies to deliver services within a service delivery area, prime consideration shall be given to the cost effectiveness of the agency in delivering comparable services based on past performance.

(2) No agency shall be used to provide occupational skills training unless the private industry council has certified that the level of skill provided is acceptable to employers in the area.

(e) Amounts available to Governors under section 101(a)(2)(B) may be used for—

(1) expenses of the State council, including evaluation of programs;

(2) technical assistance;

(3) developing linkages between programs funded under this Act and related programs and providing assistance to programs funded under this Act and related Federal or State legislation;

(4) providing programs for offenders and ex-offenders or other persons whom the Governor determines require special assistance;

(5) providing programs for workers who have no reasonable prospect of returning to the occupation or industry from which they have been laid off;

(6) developing and providing labor market and occupational information;

(7) developing a management information system compiling and analyzing reports from the system; and

(8) providing incentives for superior performances pursuant to section 303(e).

(f)(1) The Governor shall publish a proposed plan for uses of funds under subsection (e) one hundred and twenty days before the beginning of the program year and provide opportunity for comment to interested parties. The Governor may hire a hearing examiner to hold hearings if necessary. The final plan shall be published eighty days before the beginning of the program year and shall be submitted to the Secretary.

(2)(A) The Secretary shall approve the plan within thirty days unless he finds, for good cause shown, that the plan is inconsistent with the requirements of this title.

(B) Any disapproval by the Secretary shall be made within thirty days after the date that the plan is submitted to the Secretary.

(C) If after disapproval by the Secretary, the Governor and the Secretary cannot reach agreement within thirty days, the Governor may request a hearing on the record under subchapter II of chapter 5 of title 5, United States Code.

TITLE II—NATIONAL JOB TRAINING PROGRAMS

PART A—NATIVE AMERICAN EMPLOYMENT TRAINING PROGRAMS

PURPOSE AND POLICY

SEC. 201. (a) The Congress finds that (1) serious unemployment and economic disadvantage exist among members of Indian, Alaskan Native, and Hawaiian Native communities; (2) there is a compelling need for the establishment of comprehensive training and employment programs for members of those communities; and (3) such programs are essential to the reduction of economic disadvantage among individual members of those communities and to the advancement of economic and social development in these communities consistent with their goals and lifestyles.

(b) The Congress therefore declares that, because of the special relationship between the Federal Government and most of the individuals to be served by the provisions of this part, (1) such programs shall be administered at the national level; (2) such programs shall be available to federally recognized Indian tribes, bands, and groups and to other groups and individuals of Native American descent; and (3) such programs shall be administered in such a manner as to maximize the Federal commitment to support growth and development as determined by representatives of the communities and groups served by this part.

PROGRAM AUTHORIZED

SEC. 202. (a)(1)(A) In carrying out responsibilities under this part, the Secretary shall, wherever possible, utilize Indian tribes, bands, or groups on Federal or State reservations (including Alaska Native villages or groups as defined in the Alaska Native Claims Settlement Act of December 18, 1971) and the Oklahoma Indians, having a governing body and such organizations as the Secretary determines will best serve Native Americans, for the provision of employment and training services under this section. When the Secretary determines that such tribe, band, or group has demonstrated the capability to effectively administer a comprehensive employment and training program, the Secretary shall require such tribe, band, or group to submit a comprehensive plan meeting such requirements as the Secretary prescribes.

(B) The Secretary shall arrange for programs to meet the employment and training needs of Hawaiian natives through such organizations as the Secretary determines will best meet their needs.

(2) In carrying out responsibilities under this section, the Secretary shall make arrangements with organizations (meeting requirements prescribed by the Secretary) serving nonreservation Native Americans for programs and projects

designed to meet the needs of such Native Americans for employment and training and related services.

(b) Whenever the Secretary determines not to utilize Indian tribes, bands, or groups for the provision of employment and training services under this section, the Secretary shall, to the maximum extent feasible, enter into arrangements for the provision of such services with organizations which meet with the approval of the tribes, bands, or groups to be served.

(c) The Secretary is directed to take appropriate action to establish administrative procedures and machinery (including personnel having particular competence in this field) for the administration of Native American employment and training programs authorized under this Act.

(d) Funds available for this part shall be expended for programs and activities consistent with the purposes of this section including but not limited to such programs and activities carried out by recipients under other provisions of this Act.

(e) No provision of this part shall abrogate in any way the trust responsibilities of the Federal Government to Native American bands, tribes, or groups.

Part B—Migrant and Seasonal Farmworker Employment Training Programs

STATEMENT OF FINDINGS

Sec. 211. The Congress finds and declares that—

(1) chronic seasonal unemployment and underemployment in the agricultural industry, substantially affected by recent advances in technology and mechanization, constitute a substantial portion of the Nation's rural employment problem and substantially affect the entire national economy; and

(2) because of the special nature of farmworker employment and training problems such programs can best be administered at the national level.

PROGRAM AUTHORIZED

Sec. 212. (a)(1) The Secretary shall meet the employment and training needs of migrants and seasonal farmworkers through public agencies and private nonprofit organizations, including, but not limited to, programs and activities carried out by recipients under other provisions of this Act, as the Secretary determines have an understanding of the problems of migrant and seasonal farmworkers, a familiarity with the area to be served, and a capability to administer effectively a comprehensive employment and training program for migrant and seasonal farmworkers.

(2) Programs supported under this part shall include, but not be limited to, employment and training in traditional as well as newly developing agricultural occupations and related assistance and supportive services.

(b)(1) In awarding a grant or contract for services administered under this part, the Secretary shall use the standard competitive Government procurement policies.

(2) In administering programs under this section, the Secretary shall consult with appropriate State and local officials and may enter into agreements with such officials to assist in the operation of such programs.

PART C—RESEARCH, EVALUATION, PILOT PROJECTS, AND TECHNICAL ASSISTANCE

RESEARCH

SEC. 221. (a) To assist the Nation in expanding work opportunities and assuring access to those opportunities for all who desire it, the Secretary shall establish a comprehensive program of employment and training research utilizing the methods, techniques, and knowledge of the behavioral and social sciences and such other methods, techniques, and knowledge as will aid in the solution of the Nation's employment and training problems.

(b) The Secretary shall establish a program of experimental, developmental, and demonstration projects, through grants or contracts for the purpose of improving techniques and demonstrating the effectiveness of specialized methods in meeting employment and training problems.

EVALUATION

SEC. 222. (a) The Secretary shall provide for the continuing evaluation of all programs, activities, and research and demonstration projects conducted pursuant to this Act, including their cost effectiveness in achieving the purposes of this Act, their impact on communities and participants, their implication for related programs, the extent to which they meet the needs of persons by age, sex, race, and national origin, and the adequacy of the mechanism for the delivery of services.

(b) The Secretary shall evaluate the effectiveness of programs authorized under this Act with respect to the statutory goal of increases in employment and earnings for participants, duration in training and employment situations, information on the postenrollment labor market experience of program participants for at least a year following their termination from such programs, and comparable information on other employees or trainees of participating employers.

(c) In order to reduce the paperwork burden and costs on recipients in carrying out evaluations of the cost effectiveness of identical or similar programs of recipients, the impact of such programs on communities and agents, the implication for related programs, and the adequacy of the mechanism for the delivery of services, the Secretary shall to the maximum extent possible, consistent with the purposes of this Act, use statistical sampling techniques.

(d) The Secretary shall prepare and submit to the Congress an annual report for employment and training programs. The Secretary shall include in such report—

(1) a summary of the achievements, failures, and problems of the programs authorized in this Act in meeting the objective of this Act;

(2) a summary of major findings from research, evaluation, pilot projects, and experiments conducted in the previous fiscal year;

(3) recommendations for program modifications based upon analysis of such findings; and

(4) such other recommendations for legislative or administrative action as the Secretary deems appropriate.

PILOT PROJECTS

SEC. 223. (a) From funds made available under [illegible] part, the Secretary shall provide financial assistance to recipients for pilot projects which meet the employment-related needs of persons who face particular disadvantages in specific and general labor markets or occupations and other persons whom the Secretary determines require special assistance.

(b) Each pilot project assisted under this section shall be designed to assist in eliminating artificial and other employment barriers faced by such persons.

(c) No project under this section shall be assisted for more than three years.

(d) In selecting recipients under this section, the Secretary shall give special consideration to applications submitted by community-based organizations of demonstrated effectiveness.

TRAINING AND TECHNICAL ASSISTANCE

SEC. 224. The Secretary, in consultation with appropriate State officials, shall provide directly or through grants, contracts, or other arrangements—

(1) appropriate preservice and inservice training for specialized, supportive, supervisory, or other personnel; and

(2) appropriate technical assistance with respect to programs assisted under this Act.

PART D—LABOR MARKET INFORMATION

COOPERATIVE LABOR MARKET INFORMATION PROGRAM

SEC. 231. (a)(1) From the amount set aside under section 302(a)(5) the Secretary shall reserve such sums as may be necessary to operate a Federal/State cooperative statistical labor market information program in accordance with the provisions of this part.

(2) Notwithstanding any other provision of law, funds available to other Federal agencies for carrying out chapter 35 of title 44 of the United States Code, the Vocational Education Act of 1963, and the Act of June 6, 1933 (popularly known as the Wagner-Peyser Act) may be made available by the head of each such agency to assist in carrying out the provisions of this part.

(b) The Secretary shall maintain a comprehensive national system of labor market information on a national, State, local, and other appropriate basis which shall be made publicly available in a timely fashion.

(c) In carrying out the provisions of this part, the Secretary shall assure that—

(1) departmental data collecting and processing systems are consolidated to eliminate overlap and duplication;

(2) the criteria of chapter 35 of title 44 of the United States Code are met; and

(3) statistical reliability and national standardized definitions of employment, unemployment, and occupational definitions are used.

(d) The Secretary shall maintain, on a national, State, and local, and other appropriate basis, household budget data at different levels of living (including a level of adequacy), designed to reflect the differences of household living costs in national regions, States, and both rural and urban locations.

(e) The Secretary shall publish, at least annually, a report linking labor force status with earnings and income.

FEDERAL RESPONSIBILITIES

SEC. 232. (a) The Secretary, in cooperation with the Secretary of Commerce, the Secretary of Defense, the Secretary of the Treasury, the Secretary of Education, and the Director of the Office of Management and Budget, shall—

(1) review the need and the application of all operating national data collection and processing systems in order to identify gaps, overlap, and duplications, and integrate at the national level currently available data sources in order to improve the management of information systems;

(2) maintain, assure timely review, and implement national standardized definitions with respect to terms, geographic areas, timing of collection, and coding measures, to the maximum extent feasible; and

(3) provide technical assistance to the States in the development, maintenance, and utilization of labor market/occupational supply and demand information systems and projections of supply and demand as described in section 233, with special emphasis on assistance in the utilization of cost-efficient automated

systems and improving access of individuals to career opportunities information in local and State labor markets.

(b) The Secretary, in cooperation with the Secretary of Defense, shall assure the development of an integrated occupational supply/demand information system to be used by States and, in particular, in secondary and postsecondary educational institutions in order to assure young persons adequate information on career opportunities in the Armed Forces.

(c) The Secretary and the Director of the Office of Management and Budget shall assure that, from the funds reserved for this part, sufficient funds are available to provide staff at the Federal level to assure the coordination functions described in this section.

STATE LABOR MARKET INFORMATION PROGRAMS

SEC. 233. (a) In order to be eligible for Federal financial assistance, under this part, the Governor shall—

(1) designate an organizational unit responsible for oversight and management of a statewide comprehensive labor market/occupational supply and demand information system;

(2) design a comprehensive cost-efficient labor market/occupational information supply and demand system which—

(A) is responsive to the economic demand and educational training supply support needs of the State and areas within the State, and

(B) meets the Federal standards under chapter 35 of title 44 of the United States Code and other appropriate Federal standards established by the Bureau of Labor Statistics;

(3) standardize available Federal and State multiagency administrative records and direct survey data sources to produce an employment/economic analysis published set of projections for the State and designated areas within the State which, at the minimum, includes—

(A) identification of geographic and occupational areas of potential growth or decline; and

(B) an assessment of the potential impact of such growth or decline on individuals, industries, and communities, including occupational supply and demand characteristics data;

(4) assure, to the extent possible, that—

(A) automated technology is used by the State,

(B) administrative records have been designed to reduce paperwork, and

(C) multiple survey burdens on the employers of the State have been reduced;

(5) publish and disseminate labor market/occupational supply and demand information and individualized career information to State agencies, area public agencies, and private not-for-profit users, and individuals in the process of career decision choices; and

(6) conduct research and demonstration projects designed to improve any aspect of the statewide information system.

(b)(1) The analysis required under clause (3) of subsection (a) shall be used by States and by area entities to contribute to carrying out the provisions of this Act, the Vocational Education Act of 1963, and the Act of June 6, 1933 (popularly known as the Wagner-Peyser Act).

(2) The assurance required by clause (4) of subsection (a) shall also include that the State will, to the maximum extent possible, assure consolidation of available administrative data and surveys to reduce duplication of recordkeeping of State and local agencies, including secondary and postsecondary educational institutions.

(3) If any Federal funds are used to carry out clause (6) of subsection (a), access to and information of the results will remain in the public domain.

(c) The Secretary shall reimburse the States the costs of carrying out the provisions of this section but the aggregate reimbursements in any fiscal year shall not exceed the amount available under this part for this subsection.

(d) No provision of this part or any other provision of Federal law shall be construed to prohibit the State the right to combine, consolidate, or otherwise alter Federal administrative management information reporting requirements relating to employment, productivity, or training, if notice is transmitted by the Governor to the head of each appropriate Federal and State agency responsible for the laws governing the Federal reporting requirements. The notice shall specify the intent to combine, consolidate, or alter such requirements. The head of each appropriate Federal agency shall approve the combination, consolidation, or alteration unless, within sixty days after receiving the notice, the Federal agency can show the combination, consolidation, or alteration will not meet the essential purposes of the affected Federal law. Any adverse decision by the head of a Federal agency may be appealed to the Director of the Office of Management and Budget who shall decide the matter within sixty days after the appeal is made.

TITLE III—ADMINISTRATIVE AND GENERAL PROVISIONS

AUTHORIZATION OF APPROPRIATIONS; PROGRAM YEAR

SEC. 301. (a) There are authorized to be appropriated $3,800,000,000 for the fiscal year 1983 and such sums as may be necessary thereafter to carry out the provisions of titles I, II, and III of this Act.

(b)(1) Beginning with fiscal year 1984, and thereafter appropriations for any fiscal year for programs and activities assisted or conducted under this Act shall be available for expenditure and obligation only on the basis of a program year. The program year shall begin on July 1 in the fiscal year for which the appropriation is made.

(2) Funds obligated for any program year may be expended by the recipient during that program year and the two succeeding program years and no amount shall be deobligated on account of a rate of expenditure which is consistent with the program plan.

(3)(A) Appropriations for fiscal year 1983 shall be available both to fund activities for the period between October 1, 1982, and July 1, 1983, and for the program year beginning July 1, 1983.

(B) There are authorized to be appropriated such additional sums as may be necessary to carry out the provisions of this paragraph for the transition to program year funding.

DISTRIBUTION OF FUNDS

SEC. 302. (a)(1) Of the amounts appropriated pursuant to section 301(a) for each fiscal year, 22 per centum shall be set aside for use by the Secretary in accordance with this subsection.

(2) Sixty-six per centum of such amounts shall be available for the Job Corps in accordance with part B of title IV of the Comprehensive Employment and Training Act.

(3) Ten and one-half per centum of such amounts shall be available for Indians in accordance with part A of title II.

(4) Ten per centum of such amounts shall be available for migrants and seasonal farmworkers in accordance with part B of title II.

(5) The remainder of such amounts shall be available for costs of administration, for research, evaluation, pilot projects, and technical assistance in accordance with part C of title II, and for the labor market information program in accordance with part D of title II.

(b) The remainder of the amounts appropriated in each fiscal year shall be allotted in accordance with section 101.

PERFORMANCE CRITERIA

SEC. 303. (a) The Congress recognizes that training is an investment in human capital and not an expense. In order to determine whether that investment has been productive, the Congress finds that—

(1) it is essential that criteria for measuring the return on this investment be developed; and

(2) the basic return on the investment is to be measured by the increased earnings of participants and the reductions in cash welfare payments.

(b)(1) The basic measure of performance for adult training programs is the increase in earnings and reductions in cash welfare payments resulting from participation in the program. The Secretary shall prescribe standards to measure the results of participation in the program. The standards shall include provisions governing—

(A) the base period prior to program participation that will be used;

(B) a representative period after termination from the program that is a reasonable indicator of postprogram earnings and income maintenance payments; and

(C) cost-effective methods for obtaining such data; which may include access to earnings, State employment security records, Federal Insurance Contributions Act, State aid to families with dependent children records, statistical sampling techniques, or related measures.

(2) The Secretary shall prescribe standards relating gross program expenditures to total earnings gains and reductions in cash welfare payments to participants.

(3) Each Governor may prescribe variations in the standards prescribed under paragraph (2) based on specific economic factors in the State and in service delivery areas within the State.

(4) The Secretary shall prescribe variations in performance criteria for Native American and migrant and seasonal farmworker programs taking into account their special circumstances.

(c)(1) Recognizing the instability of youth employment, performance criteria for youth may be locally developed by the administrator of funds in the service delivery area based on (A) employment competencies recognized by the private industry council, and (B) placement and retention in employment.

(2) Performance criteria and competency standards shall be reviewed by the Governor and the Secretary for adequacy pursuant to regulations prescribed by the Secretary.

(d) The annual report for each service delivery area shall specify the extent to which programs exceeded or failed to meet relevant performance criteria.

(e) The Governor shall use 10 per centum of the funds allocated for statewide programs to provide incentive funding for programs exceeding performance criteria, including incentives for serving the hard to serve.

(f)(1) The Governor shall provide technical assistance to programs which do not meet performance criteria. If the failure to meet performance criteria persists for a second year, the Governor shall propose a reorganization plan. Such plan may restructure the private industry council, prohibit the use of designated delivery agencies or make such other changes as the Governor deems necessary to improve performance. The Governor may also propose the selection of an alternative administrator for the service delivery area.

(2) The alternate administrator may be a newly formed private industry council or an agency jointly selected by the Governor and the chief elected official of the largest unit of general local government in the service delivery area and approved by the Secretary.

(3) No change may be made under this subsection without an opportunity for a fair hearing before a hearing officer appointed by the Governor.

FISCAL CONTROLS

SEC. 304. (a)(1) Each State shall establish such fiscal control and fund accounting procedures as may be necessary to assure the proper disbursal of, and accounting for, Federal funds paid to the recipient under titles I and V. The Director of the Office of Management and Budget, in consultation with the Comptroller General of the United States, shall establish guidance for the proper performance of audits. Such guidance shall include a review of fiscal controls and fund accounting procedures established by States under this section.

(2) At least once every two years, the State shall prepare or have prepared an independent financial and compliance audit of each recipient of funds under titles I and V of this Act. Under criteria established by the Director of the Office of Management and Budget, and upon application by the Governor, the Secretary may exempt designated recipients from all or part of the requirements of this section, except that any such exemption shall not apply to the State administering agency, a prime sponsor for a service delivery area, or a private industry council. Any exemption under this section may be withdrawn by the Secretary in consultation with the Director of the Office of Management and Budget.

(3) Each audit shall be conducted in accordance with applicable auditing standards set forth in the financial and compliance element of the Standards for Audit of Governmental Organizations, Programs, Activities and Functions issued by the Comptroller General of the United States.

(b)(1) The Comptroller General of the United States shall, on a selective basis, evaluate the expenditures by the recipients of grants under this Act in order to assure that expenditures are consistent with the provisions of this Act and to determine the effectiveness of the recipient in accomplishing the purposes of this Act. The Comptroller General shall conduct the evaluations whenever he determines it necessary and he shall periodically report to the Congress on the findings of such evaluations.

(2) Nothing in this Act shall be deemed to relieve the Inspector General of the Department of Labor of his responsibilities under the Inspector General Act.

(3) For the purpose of evaluating and reviewing programs established or provided for by this Act, the Comptroller General shall have access to and the right to copy any books, accounts, records, correspondence, or other documents pertinent to such programs that are in the possession, custody, or control of the State, a private industry council established under section 103 of this Act, any recipient of funds under this Act, or any subgrantee or contractor of such recipients.

(c)(1) Every recipient shall repay to the United States amounts found not to have been expended in accordance with this Act. The Secretary may offset such amounts against any other amount to which the recipient is or may be entitled under this Act unless he determines that such recipient should be held liable pursuant to paragraph (3).

(2) For the purpose of this subsection, the term "recipient" includes both any entity receiving direct financial assistance from the United States and any entity receiving assistance through subgrants or contracts.

(3) Each recipient shall be liable to repay from funds other than funds received under this Act upon a determination that the misexpenditure of funds was due to willful disregard of the requirements of this Act, gross negligence, or failure to observe accepted standards of administration. No such finding shall be made except after notice and opportunity for a fair hearing.

REPORTS, RECORDKEEPING, AND INVESTIGATIONS

SEC. 305. (a) Recipients shall keep records that are sufficient to permit the preparation of reports required by this Act and to permit the tracing of funds to a level of expenditure adequate to insure that the funds have not been spent unlawfully.

(b)(1) The Secretary may investigate such facts, conditions, practices, or other matters which the Secretary finds necessary to determine whether any recipient of funds or any official of such recipient has violated any provision of this Act.

(2)(A) In order to evaluate compliance with the provisions of this Act, the Secretary shall conduct, in several States, in each fiscal year investigations of the use of funds received by recipients under this Act.

(B) In order to insure compliance with the provisions of this Act, the Comptroller General of the United States may conduct investigations of the use of funds received under this Act by any recipient.

(3) In conducting any investigation under this Act, the Secretary or the Comptroller General of the United States may not request any information not readily available to such recipient.

(c) Each State receiving funds under this Act shall—

(1) make such reports concerning its operations and expenditures as shall be prescribed by the Secretary, and

(2) prescribe and maintain a management information system designed to facilitate the compilation and analysis of programmatic and financial data, on statewide and service delivery area bases, necessary for reporting, monitoring, and evaluating purposes.

AFFIRMATIVE ACTION

SEC. 306. (a) The administrator for any service delivery area selected pursuant to section 104 is authorized to enter into contracts with persons subject to the affirmative action requirements under Executive Order 11246 issued September 24, 1965, in order to assist such contractors to meet their affirmative action obligations. The contracts authorized under this subsection shall contain—

(1) a statement of job classifications of the contractor in which the contractor has determined that the

contractor is underutilizing minorities or women and in which the contractor wants to use the recruiting, training, or other facilities of the administrator to assist him to correct that underutilization;

(2) a description of the recruiting, training, or other functions that the administrator will perform directly or by subcontract for the contractor, including standards for training and the arrangements for referral of persons completing training to jobs with the contractor;

(3) provisions to assure that the administrator will recruit, train, and refer only persons eligible for assistance under this Act;

(4) provisions to assure that the contractor will assume all the cost of the services performed by the administrator; and

(5) the duration of the contract, which may be for any period not to exceed five years.

(b)(1) Any contract negotiated under subsection (a) may be submitted to the Director of the Office of Federal Contract Compliance, Department of Labor, and, if approved by the Director, shall be presumptive evidence of the good faith of the contractor in dealing with the underutilization to which it was addressed, if the underutilization as described in the contract is an accurate representation of the facts.

(2) Whenever the contract negotiated under subsection (a) is submitted to, but neither approved nor disapproved by the Director, the contract may be used as evidence of good faith of the contractor in meeting any underutilization accurately described in the contract, if the commitment of funds or other resources of the contractor was deemed sufficient either in relation to the size of its contract award from the Federal Government or the extent of the underutilization.

(3) The Director of the Office of Federal Contract Compliance, Department of Labor, may by rule prescribe limitations, by geographical area, industry, size of procurement, or other criteria, on the types or numbers of contracts authorized under subsection (a) that may be submitted to the Office.

COMMISSION ON EMPLOYMENT AND PRODUCTIVITY

SEC. 307. (a) There is established a Commission on Employment and Productivity. The Commission shall consist of—

(1) individuals appointed by the President representing private for-profit corporations, organized labor, State governments, units of general local government, and local educational agencies, except that a majority of the members of the Commission shall be chief executive officers or chairmen of the Board of Directors of major private for-profit corporations,

(2) the Secretary of Labor,

(3) the Secretary of Commerce, and

(4) the Secretary of Education.

The members of the Commission set forth in clauses (2), (3), and (4) shall not vote on any matter before the Commission.

(b) The Commission shall examine and make recommendations on broad policy questions relating to the Nation's productivity and to labor force utilization and training.

(c) The Commission is authorized to—

(1) appoint, without regard to the provisions of title 5, United States Code, governing appointments in the competitive services, and fix the compensation of, without regard to the provisions of chapters 51 and subchapter III of chapter 53 of such title, relating to classifications and the general schedule pay rates, such staff personnel as may be necessary;

(2) procure the services of experts and consultants in accordance with section 3109 and title 5, United States Code; and

(3) accept the voluntary and uncompensated services of personnel loaned by corporations and foundations, notwithstanding any other provision of law.

(d) There are authorized to be appropriated in any fiscal year such sums as may be necessary to pay not to exceed 50 per centum of the cost of carrying out the provisions of this section. Notwithstanding any other provisions of law, the

Commission is authorized to accept gifts to pay the remaining costs of carrying out the provisions of this section.

ADMINISTRATIVE PROVISION

Sec. 308. (a) The Secretary may, in accordance with chapter 5 of title 5, United States Code, prescribe such rules and regulations the Secretary deems necessary. Such rules and regulations may include adjustments authorized by section 204 of the Intergovernmental Cooperation Act of 1968. All such rules and regulations shall be published in the Federal Register at least thirty days prior to their effective date. Copies of all such rules and regulations shall be transmitted to the appropriate committees of the Congress at the same time and shall contain, with respect to each material provision of such rules and regulations, citations to the particular substantive section of law which is the basis therefor.

(b) The Secretary may make such grants, contracts, or agreements, establish such procedures and make such payments, in installments and in advance or by way of reimbursement, or otherwise allocate or expend funds made available under this Act, as deemed necessary to carry out the provisions of this Act, including (without regard to the provisions of section 4774(d) of title 10, United States Code) expenditures for construction, repairs, and capital improvements, and including necessary adjustments in payments on account of overpayments or underpayments.

REPEAL; AMENDMENT

SEC. 309. (a) The Comprehensive Employment and Training Act other than part B of title IV, relating to the Job Corps, is repealed.

(b) Section 468 of the Comprehensive Employment and Training Act is amended to read as follows:

"DEFINITIONS

"SEC. 468. For the purpose of this part—

"(1) the term 'economically disadvantaged' has the same meaning given that term under section 2(3) of the Training for Jobs Act; and

"(2) the term 'Secretary' means the Secretary of Labor.".

TITLE IV—AMENDMENTS TO THE WAGNER-PEYSER ACT

PUBLIC EMPLOYMENT OFFICES PROGRAM

SEC. 401. Sections 1 through 10 of the Act of June 6, 1933 (popularly known as the Wagner-Peyser Act), are amended to read as follows: "That in order to promote the establishment and maintenance of a national system of public employment offices, there is established in the Department of Labor a bureau to be known as the United States Employment Service, to be headed by a director.

"SEC. 2. For the purpose of this Act—

"(1) the term 'bureau' means the United States Employment Service, established under this Act;

"(2) the term 'Secretary' means the Secretary of Labor;

"(3) the term 'service delivery area' has the same meaning given that term under the Training for Jobs Act; and

"(4) the term 'State' means each of the several States, the District of Columbia, the Commonwealth of Puerto Rico, Guam, and the Virgin Islands.

"Sec. 3. The bureau shall assist in coordinating the public employment offices throughout the country and in increasing their usefulness by developing and prescribing minimum standards of efficiency, assisting them in meeting problems peculiar to their localities, promoting uniformity in their administrative and statistical procedure, furnishing and publishing information as to opportunities for employment and other information of value in the operation of the system, and maintaining a system for clearing labor between the several States. It shall be the further duty of the bureau to assure that such employment offices in each State, upon request of a public agency administering or supervising the administration of a State plan approved under part A of title IV of the Social Security Act or of a public agency charged with any duty or responsibility under any program or activity authorized or required under part D of title IV of such Act, shall (and, notwithstanding any other provision of law, is authorized to) furnish to such agency making the request, from any data contained in the files of any such employment office, information with respect to any individual specified in the request as to (1) whether such individual is receiving, has received, or has made application for, unemployment compensation, and the amount of any such compensation being received by such individual, (2) the current (or most recent) home address of such individual, and (3) whether such individual has refused an offer of employment and, if so, a description of the employment so offered and terms, conditions, and rate of pay therefor.

"SEC. 4. The Secretary is authorized to appoint and to fix the compensation of one or more assistant directors and such other officers, employees, and assistants, and to make such expenditures (including expenditures for personal services and rent at the seat of government and elsewhere and for law books, books of reference, and periodicals) as may be necessary to carry out the provisions of this Act.

"SEC. 5. (a) There are authorized to be appropriated such sums as may be necessary to carry out the provisions of this Act.

"(b) The Secretary shall from time to time certify to the Secretary of the Treasury for payment to each State which

(1) has, except in the case of Guam, an unemployment compensation law approved by the Secretary under the Federal Unemployment Tax Act and is found to be in compliance with section 303 of the Social Security Act, as amended, and (2) is found to be in compliance with this Act such amounts as the Secretary determines to be necessary for allotment under section 6.

"(c)(1) Beginning with fiscal year 1984, and thereafter appropriations for any fiscal year for programs and activities assisted or conducted under this Act shall be available for expenditure and obligation only on the basis of a program year. The program year shall begin on July 1 in the fiscal year for which the appropriation is made.

"(2) Funds obligated for any program year may be expended by the State during that program year and the two succeeding program years and no amount shall be deobligated on account of a rate of expenditure which is consistent with the program plan.

"(3)(A) Appropriations for fiscal year 1983 shall be available both to fund activities for the period October 1, 1982, and July 1, 1983, and for the program year beginning July 1, 1983.

"(B) There are authorized to be appropriated such additional sums as may be necessary to carry out the provisions of this paragraph for the transition to program year funding.

"SEC. 6. (a) From the amounts appropriated pursuant to section 5(a) for each fiscal year, the Secretary shall allot to each State an amount which bears the same ratio to the total amount available for allotment in each fiscal year as the number of individuals in the civilian labor force in that State bears to the total number of individuals in the labor force in all States.

"(b)(1) Twenty-five per centum of the sum allotted to each State shall be allocated in accordance with the provisions of this subsection.

"(2) Not more than 10 per centum of the amount allotted under paragraph (1) of this subsection may be used for the costs of auditing activities and other administrative activities under sections 9 and 10.

"(3) The remainder of the amount allotted under paragraph (1) of this subsection to each State shall be used for programs and activities described in section 8(b).

"(c) The remainder of the amount allotted to each State shall be allocated by the Secretary among service delivery areas within the State on the basis of the relative number of individuals in the civilian labor force in each service delivery area within the State compared to the total number of such individuals within the State.

"SEC. 7. (a) Plans for service delivery areas shall be prepared by the private industry council established under the Training for Jobs Act. In any case in which there is no private industry council for a service delivery area, the employment service delivery area plan shall be prepared by an official designated by the Governor.

"(b) Each local plan under this Act shall contain—

"(1) a proposed description of services and programs to be prov[illegible]

"(2) the priorities for providing services, but such priorities shall not deny referral services to any category of individuals;

"(3) the proposed budget for the program year, including resources planned for application of the work test; and

"(4) expected performance accomplishments and a comparison with the performance of the previous year.

"(c)(1) Each local plan for a service delivery area shall be forwarded to the appropriate State agency for use in developing the consolidated State plan.

"(2)(A) The State shall prepare a consolidated State plan for carrying out the provisions of this Act within the State.

"(B) Each consolidated State plan shall contain—

"(i) a description of the use of funds allotted to the State, including programs described in section 6(b); and "(ii) a composite of approved local plans for service delivery areas within the State providing a statewide description of services to be provided.

"(3) Each consolidated State plan shall be submitted to the Secretary. If the plan conforms to the provisions of this Act and is reasonably appropriate and adequate to carry out the purposes of this Act, the Secretary shall approve the plan within thirty days after the plan is submitted.

"SEC. 8. (a) Funds allotted to a State and allocated to a service delivery area shall be used for—

"(1) job finding and placement services to jobseekers;

"(2) appropriate recruitment services for employers with vacancies;

"(3) counseling, testing, and other employment services to jobseekers;

"(4) special technical services to employers; and

"(5) preparing the area plan.

In determining the use of funds, priority shall be given to local employee and employer needs.

"(b) Amounts available to States under section 6(b)(3) may be used for—

"(1) evaluation of programs;

"(2) developing linkages between services funded under this Act and related programs and providing assistance to programs funded under this Act and related Federal or State legislation;

"(3) providing services for workers who have no reasonable prospect of returning to the occupation or industry from which they have been laid off;

"(4) developing and providing labor market and occupational information;

"(5) developing a management information system and compiling and analyzing reports therefrom;

"(6) providing incentives for superior performance in service delivery areas; and

"(7) supplementing services authorized under this Act in service delivery areas.

"(c) The Secretary is authorized to establish performance standards which shall take into account the differences in priorities reflected in State plans.

"(d)(1) No funds paid under this Act may be used for advertising in newspapers for jobs paying more than twice the minimum wage established under the Fair Labor Standards Act of 1938.

"(2) Nothing in this Act shall be construed to prohibit the referral of any applicant to private agencies as long as the applicant is not charged a fee.

"(3) Funds allocated for use in any State and service delivery area under this Act shall be administered in accordance with the approved plan.

"(e) In addition to the services described in the consolidated State plan, the State may perform such other labor market related services as are specified in reimbursable contracts with the Secretary.

"SEC. 9. (a)(1) Each State shall establish such fiscal control and fund accounting procedures as may be necessary to assure the proper disbursal of, and accounting for, Federal funds paid to the recipient under this Act. The Director of the Office of Management and Budget, in consultation with the Comptroller General of the United States, shall establish guidance for the proper performance of audits. Such guidance shall include a review of fiscal controls and fund accounting procedures established by States under this section.

"(2) At least once every two years, the State shall prepare or have prepared an independent financial and compliance audit of funds received under this Act.

"(3) Each audit shall be conducted in accordance with applicable auditing standards set forth in the financial and compliance element of the Standards for Audit of Governmental Organizations, Programs, Activities and Functions issued by the Comptroller General of the United States.

"(b)(1) The Comptroller General of the United States shall, on a selective basis evaluate the expenditures by States of funds received under this Act in order to assure that expenditures are consistent with the provisions of this Act and to determine the effectiveness of the State in accomplishing the purposes of this Act. The Comptroller General shall conduct the evaluations whenever he determines it necessary and he shall periodically report to the Congress on the findings of such evaluations.

"(2) Nothing in this Act shall be deemed to relieve the Inspector General of the Department of Labor of his responsibilities under the Inspector General Act.

"(3) For the purpose of evaluating and reviewing programs established or provided for by this Act, the Comptroller General shall have access to and the right to copy any books, accounts, records, correspondence, or other documents pertinent to such programs that are in the possession, custody, or control of the State.

"(c)(1) Every State shall repay to the United States amounts found not to have been expended in accordance with this Act. The Secretary may offset such amounts against any other amount to which the recipient is or may be entitled under this Act unless the Secretary determines that such State should be held liable pursuant to paragraph (2).

"(2) Each State shall be liable to repay from funds other than funds received under this Act upon a determination that the misexpenditure of funds was due to willful disregard of the requirements of this Act, gross negligence, or failure to observe accepted standards of administration. No such finding shall be made except after notice and opportunity for a fair hearing.

"Sec. 10. (a) Each State shall keep records that are sufficient to permit the preparation of reports required by this Act and to permit the tracing of funds to a level of expenditure adequate to insure that the funds have not been spent unlawfully.

"(b)(1) The Secretary may investigate such facts, conditions, practices, or other matters which the Secretary finds necessary to determine whether any State receiving funds under this Act or any official of such State has violated any provision of this Act.

"(2)(A) In order to evaluate compliance with the provisions of this Act, the Secretary shall conduct, in several States, in each fiscal year investigations of the use of funds received by States under this Act.

"(B) In order to insure compliance with the provisions of this Act, the Comptroller General of the United States may conduct investigations of the use of funds received under this Act by any State.

"(3) In conducting any investigation under this Act, the Secretary or the Comptroller General of the United States may not request any information not readily available to such State.

"(c) Each State receiving funds under this Act shall—

"(1) make such reports concerning its operations and expenditures as shall be prescribed by the Secretary, and

"(2) prescribe and maintain a management information system designed to facilitate the compilation and analysis of programmatic and financial data, on statewide and service delivery area bases, necessary for reporting, monitoring, and evaluating purposes.".

TITLE V—DISLOCATED WORKERS

AUTHORIZATION; ALLOTMENT

SEC. 501. (a) There are authorized to be appropriated $100,000,000 for fiscal year 1983 and such sums as may be necessary thereafter to carry out the provisions of this title.

(b) Funds appropriated under subsection (a) in each fiscal year shall be allotted among the States on the basis of the relative number of long-term unemployed persons within the State compared to the total number of such persons in all States in accordance with the provisions of section 101(b)(3)(A).

(c) The Secretary is authorized to reallocate any amount of any allotment to a State to the extent that he determines that the State will not be able to use such amount within a reasonable period of time.

(d) For the purpose of this title, the term "State" includes the several States and the District of Columbia.

IDENTIFICATION OF DISLOCATED WORKERS

SEC. 502. (a) Each State is authorized to establish procedures to identify substantial groups of workers who—

(1) have been laid off from their employment, are eligible for or have exhausted their entitlement to unemployment compensation, and are unlikely to return to their previous industry or occupation; or

(2) are employed in operations or establishments which the employer has determined to shut down on a permanent basis.

The State may provide for the use of the private industry councils established under title I of this Act to assist in making the identification established under this section.

(b)(1) Whenever a group of workers is identified under subsection (a), the State, with the assistance of the private industry council, shall determine what, if any, job opportunities exist within the local labor market area or outside the labor market area for which such workers could be retrained.

(2) The State shall determine whether training opportunities for such employment opportunities exist or could be provided within the area.

(c) Whenever training opportunities pursuant to subsection (b) are identified, information concerning the opportunities shall be made available to workers. The acceptance of training for such opportunities shall be deemed to be acceptance of approved training within the meaning of any other provision of Federal law.

PROGRAM ELEMENTS

SEC. 503. Financial assistance provided to States under this title may be used to pay 50 per centum of the cost of assisting workers identified under section 502 to obtain unsubsidized employment through job training and related services. Such training and services may include but are not limited to—

(1) job search assistance;

(2) job development;

(3) training in job skills for which demand exceeds supply;

(4) support services;

(5) relocation assistance; and

(6) programs conducted in cooperation with employers or labor organizations to provide early intervention in the event of plant closures.

LOCAL PARTICIPATION

SEC. 504. Every State receiving funds under this title shall give an opportunity to applicants to apply for funding of locally developed projects to carry out the provisions of this title.

TITLE VI—COORDINATION OF JOB TRAINING ACTIVITIES

USE OF PRIVATE INDUSTRY COUNCILS

SEC. 601. No provision of any Federal law shall be construed to prohibit the use of a private industry council established under title I of this Act from being used for planning for, or advising on, programs under the Vocational Education Act of 1963, the Rehabilitation Act of 1973, or any other Federal law relating to employment or training.

ADVISORY COUNCILS

SEC. 602. (a) Notwithstanding any other provision of law, a Governor may combine two or more advisory councils whose functions relate to employment or training or use one such council to perform the functions of more than one such council if—

(1) the combined council meets the essential elements regarding composition of all the councils subject to the consideration or use carried out under this title; or

(2) a council performing any additional function meets the essential elements regarding composition of the council whose functions it is performing.

(b)(1) The Governor of any State wishing to merge or expand the use of an advisory council under subsection (a) shall give public notice of his intention to do so. The notice shall include the composition of the new or expanded council and its proposed functions.

(2) The notice required by paragraph (1) shall be transmitted to the head of each Federal department or agency having responsibility for the laws governing the advisory councils subject to the merger or expansion. The head of each such department or agency shall approve such new or expanded use unless he finds, for good cause shown, that such expanded council will not meet the essential purposes of the applicable Federal law. Any adverse decision by the head of a department or agency may be appealed to the Director of the Office of Management and Budget or to the head of any other agency designated by the President.

PERFORMANCE OF SERVICES BY STATE AGENCIES RECEIVING FEDERAL ASSISTANCE FOR TRAINING

SEC. 603. (a) Subsection (a) of section 7 of the Act of May 21, 1920 (commonly known as the Economy Act; 31 U.S.C. 686) is amended by inserting "(1)" after the subsection designation and by adding at the end thereof the following new paragraph:

"(2) The provisions of paragraph (1) of this subsection (except the provisos of such paragraph) shall be applicable to any State agency receiving Federal financial assistance for job training or related programs, as designated by the Governor of the State or the Mayor of the District of Columbia.".

(b)(1) Each State agency may contract with any other State agency to perform the services for which Federal assistance for job training or related programs is received if the Governor determines that such a contract will promote efficiency of operation.

(2) For the purpose of this subsection the term "State" includes the several States and the District of Columbia.

O

Mr. HAWKINS. Because we have a large number of witnesses today, I must request that all the witnesses limit their oral presentations to 10 minutes to allow time for questioning. We all look forward to hearing your statements today, which I hope will help us in formulating a bipartisan bill which we intend to report out of subcommittee later this month.

At this time, I would like to recognize Mr. Weiss and thank him for all the assistance his office has given the subcommittee in preparing for this hearing.

[Opening statement of Ted Weiss follows:]

OPENING STATEMENT OF HON. TED WEISS, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF NEW YORK

Mr. Chairman, we now have the largest number of unemployed, involuntarily part-time workers, and discouraged workers who have dropped out of the labor market since the beginning of World War II. The official unemployment rate for February was 8.8 percent. Indeed, a Labor Department official testified 3 weeks ago that the unemployment rate could rise above 10 percent before the economy begins to recover. At this depression level of unemployment, approximately 11 million people who want and seek work will not be able to find jobs, not to mention the additional millions who have stopped looking or can only find part-time work.

As each day passes, it becomes more clear to all of us that the President's economic program is not working. Even some of the most loyal supporters of Reagan's massive budget and tax cuts are losing confidence in his Hooverian program. But the problem is far greater than the President's loss of credibility by the public and the loss of support by business leaders: For the first time in 50 years professional economists are seriously questioning the possibility of a major economic collapse like the one we experienced during the Great Depression.

No longer can we afford the luxury of hoping that the economy will begin to recover in a matter of weeks, as the President keeps promising. Congress cannot wait for the President to acknowledge these uncomfortable realities and his pathetic policy failures. We cannot wait until the economy reaches crisis conditions before we take corrective action.

In the introduction of the "Philosophy of History," Friedrich Hegel wrote:

"What experience and history teach is this—That people and governments never have learned anything from history, or acted on principles deduced from it."

There have been no indications that Ronald Reagan will ever disprove Hegel's cynical conclusion. It is incumbent, therefore, that Congress reassert its responsibility now to restore economic growth by enacting a bold legislative package that emphasizes training and employment programs and public infrastructure improvements. We cannot allow this ahistorical administration to ignore the established economic or social justifications for maintaining our public investment in people and in our communities.

This President trumpets the religion of supply-side economics—an updated version of the historically tarnished trickle-down theory—but it ignores the volumes of empirical evidence that investments in human capital have been at least as important in determining our rate of economic growth as investments in physical capital. Roughly two-thirds of the value added in manufacturing, for example, can be attributed to labor input while only 12 percent results from capital input. Continued investment in human capital—through education, training, and employment opportunities—is a traditional and necessary supply side investment that we must continue to support if we are serious about regaining economic growth.

Indeed, many projections of the future include changing demographic trends leading to a tightened labor market and the continued transition of our economy toward the production of high-technological goods and labor-intensive services. If these projections are correct, our Nation will benefit tremendously from the public investment we make now to educate, train, and retrain our labor force to adapt to these new tasks. With a strongly competitive and dynamic world economy, now is not the time to reduce our investment in human capital.

On the microlevel as well, there are clear economic benefits to individuals and society from the existing employment and training programs. In evaluating these programs, for example, the National Commission for Employment Policy concluded:

Each $1 invested in on-the-job training returned $2.28 in social benefits—including reduced welfare dependency;

Each $1 invested in Job Corps returned approximately $1.39 to society;

Each $1 spent on classroom training returned $1.14 to society.

On economic grounds alone, would Congress be prudent to invest fewer of our Nation's resources into these programs? By contrast, what will be the social return from the administration's tax cut adopted last summer?

Adequately funding employment and training programs is far more than an astute economic investment. It is a clear statement of our commitment to extending new opportunities to those who one expert called the "labor market leftovers—those with limited skills, experience, and credentials, the victims of stunted opportunities, discrimination and bad luck, the residents of poverty areas and declining labor markets, and those whose individual, family, or cultural problems undermine successful performance in the workplace."

Our Nation must not ignore the needs of those at the bottom of the economic ladder. They need special assistance which we, as a humane society, must provide. To neglect this social responsibility, to be blind to the problem is wrong. We should strengthen these ladders of economic achievement, not dismantle them; expand opportunities, not limit them. The administration's proposed cuts in these programs leaves an empty rhetoric lauding individual initiative and a social hypocrisy that destroys what little hope these people still hold.

The urgency of the current economic decline and rising unemployment forces us to consider legislation far beyond extending these programs at present funding levels. In that light, I offer the following central principles for national policy to achieve full employment:

First, increase appropriations for current training and employment programs, through the existing prime sponsor system, that are designed to increase the self-sufficiency of the disadvantaged and meet the present and future skill needs of the economy. The degree of national commitment to these programs is more important than technical restructuring, integration with other programs, and precise reforms which we all agree are necessary and appropriate.

Second, the private sector must be involved in planning and managing local training programs. The participation of business leaders is especially important in assessing present and future regional labor market needs, coordinating various training programs to improve efficiency, and establishing objectives for continuing employment programs. Training and retraining programs for the highly specialized skills, however, should be organized on the industry level, rather than individual firms, and be partially financed by all firms in that industry.

Third, expand existing youth programs to provide positive work experiences. We have learned that supported work experiments for youth have led to a reduction in crime. Why, then, do we allow the teenage unemployment rate to remain over 20 percent? And the unemployment rate of minority teenagers of over 40 percent?

Fourth, establish a structure for counter-cyclical public works projects that enables all levels of government to rationally plan necessary public improvements and infrastructure so that they can be rapidly undertaken during periods of rising unemployment. According to a recent study, "America in Ruins":

One of every five bridges in this country requires major rehabilitation or reconstruction;

Many of our harbor facilities are unable to service efficiently world shipping coming to American docks;

The 756 largest urban areas will require between $75 billion and $110 billion over the next 20 years to maintain their water systems;

Over $40 billion must be spent in New York City alone during the next 5 years to repair, service, and rebuild basic public infrastructure;

Over $25 billion will be required during the next 5 years to meet current water pollution control standards.

These public works are vital to our Nation. Federal funds should be provided for these projects in a counter-cyclical fashion so that jobs would be created when construction in the private sector declines.

Fifth, additional discretionary funding should be provided to State and local employment programs to assist older, dislocated, or reentering workers through specially designed educational, training, or retraining programs; through improved labor market information, placement, and counseling; and relocation assistance. For these forms of transitional aid, a matching grant or voucher could be given directly to the individuals considered most in need and most likely to benefit.

Sixth, counter-cyclical public employment program should be reestablished to serve as employer of last resort for people who have exhausted their unemployment insurance benefits, and phased out gradually whenever unemployment rates decline to below a specified level. In a society in which the work ethic is so widely and strongly held, we must not neglect public employment programs—especially as the unemployment lines lengthen.

Seventh, continued experimentation with partial wage subsidies for targeted groups of disadvantaged workers such as the handicapped should be attempted and evaluated. This form of assistance may be necessary for some willing workers with special handicaps to acquire jobs and sustain employment.

I fully realize that these suggestions are bold and consequently intimidating to some. However, we are rapidly facing crisis economic problems, which the Reagan program has compounded. Simply extending the current CETA programs is not enough. Congress must be stronger, bolder to prevent a cataclysmic economic disaster, and this is the sort of program we must seriously consider.

Mr. **Jeffords**. I want to thank Mr. Hawkins and Mr. Weiss for this opportunity to hear testimony on the legislative proposals before the Employment Opportunities Subcommittee to reauthorize employment and training programs.

Two months ago a survey was conducted in which people were asked what they believed the major problem facing this country was. In response, almost 60 percent said unemployment. The unemployment rate for February that was released last Friday was 8.8 percent, seasonally adjusted, or 9,575,000 out of work.

What does this figure represent? For youth between 16 and 19 years of age, the unemployment rate is 22.3 percent; for black youth, the rate is 42.3 percent; nearly double that for all youth. The rate for white males is 6.7 percent, up slightly from the January figures. Annualized, the numbers are even more difficult to accept. If the average rate of unemployment for 1982 is 8 percent, that means that over 20 million people in our Nation will experience at least one spell of unemployment during the year. In January 1982, the average duration of unemployment was 13.5 weeks.

How does this information relate to our purpose here today? Over the next few months, the members of this subcommittee and the Members of the Congress face a major challenge—to develop legislation that will meet these needs and clearly define the goal of a Federal employment and training program.

Three Members of the Congress have introduced major legislative proposals to address the basic issues surrounding a Federal employment and training program. The two House bills, introduced by Mr. Hawkins and me, represent a broad spectrum of ideas and methods by which the need for a skilled, trained, and educated work force can be approached. None of us suggests that through our legislative proposals the total unemployment problem can be resolved. We agree, though, that without a well-defined employment and training policy, the overall strategy for economic recovery cannot succeed. The only real solution to unemployment is to focus on the entire economic picture.

I look forward to hearing from those who have been invited to testify today. I hope that we will hear, in addition to general policy statements, specific recommendations that will enable us to develop a single House bill that combines the strengths of both bills. I am confident that through the testimony we receive today, and from the joint Senate-House hearings to be held next week, a solid bill that will meet the future training needs of our country will be developed. With the fluctuating economic picture, and with realizable improvement in design and management, employment and training can be an even more profitable public investment than it has proved to be in the past.

I firmly believe that by investing in the training of youth and adults, they can lead more productive lives by contributing to our society and economy, rather than by drawing from it. By providing the resources that will enable each individual to reach his or her potential, we are really investing in our future.

Mr. WEISS. At this time, we will hear from the Honorable Edward I. Koch, mayor of the city of New York.

STATEMENT OF EDWARD I. KOCH, MAYOR, CITY OF NEW YORK, ACCOMPANIED BY RON GAULT, COMMISSIONER

Mr. KOCH. Thank you for giving me an opportunity to testify before you today on Federal employment and training policy. I would especially like to thank Congressman Hawkins and Congressman Jeffords for sponsoring the hearings and Congressman Weiss for all of his efforts on behalf of New York City.

The expiration of CETA at the end of 1982 offers an opportunity to redefine Federal employment and training policy and to implement positive changes in program design and management. I am pleased to discuss New York City's support of the Community Partnership for Employment and Training Act, H.R. 5320, sponsored by Congressman Hawkins. This bill retains certain aspects of CETA that we believe have proven most successful. These aspects include direct allocation to localities, local administration through the current prime sponsor system, and training for private sector jobs, which could include welfare-to-work initiatives, a summer jobs program for youth, and coordination with the school system. Most importantly, an adequate funding level must be provided to insure the success of the new programs at the local and national levels.

Strong countermeasures, including Federal employment and training programs, are necessary to cope with national unemployment at a level of 8.8 percent, or 9.6 million individuals unemployed. In New York City alone, 275,000, or 9.2 percent of our residents are officially unemployed. Youth unemployment in the city remains staggeringly high at 30 percent overall, while 50 percent of minority youth face unemployment. It is imperative that we recognize that unemployment among the disadvantaged is not a separate and discrete social welfare problem. It is a threat to the future fiscal health and stability of the Nation and must be dealt with as an integral component of economic recovery.

At the outset, let me briefly discuss the impact of the CETA budget cuts on New York City. The city of New York lost $227 million representing 33,500 employment and training opportunities. This included the elimination of public service employment in 1981 with a reduction of $178 million and 11,500 workers, as well as a 30-percent reduction in 1982 in the remaining CETA titles, a loss of $49 million or 22,000 training opportunities. No city tax levy funds were available to cover the training losses. In spite of these severe cuts, the administration proposes additional reductions in Federal support for employment and training programs.

I always have to be careful when we say the administration because we are not talking about the Congress, we are talking about the Federal administration in the White House which the Congress, I believe, is seeking to overcome. I believe you will be successful in overcoming because it is not a partisan matter. It isn't the democratic approach to resist the administration's cuts. You now have Republican Senators and Republican Members of the House standing up and saying that the administration had gone too far and it has to stop.

The administration's 1983 proposal authorizes $2.4 billion for employment and training programs, with $1.8 billion for training, which represents a 40-percent reduction from the skeletal levels at which we are currently operating. The administration plans to replace CETA with an entirely new program. As a consequence of discarding the current system and developing a new one, the administration would spend only one-half of the training funds in 1983.

Fortunately, there is an alternative to the administration plan—the Hawkins bill, H.R. 5320. We support your bill, Mr. Chairman. As you know, it provides $5 billion for employment and training, including $3 billion for locally administered programs. This level would not increase funding for our employment and training programs in New York, but would merely maintain them at the already reduced 1982 level.

I know that if it were possible, you would increase them. The problem here is to hold the line, which is what your bill is seeking to do, in this area.

The Hawkins bill also merits our support because it ensures direct allocation of funding to localities, a critical element of local control. An additional layer of bureaucracy at the State level would only be costly and inefficient. Because localities are closest to the needs of citizens and businesses, they are best able to make the most effective use of limited program funds. We are against the policy of giving the States power to exercise heavier handed mandates for the localities, whether it is the city, the county, the village, or the town. We at the local level know best how to operate these programs.

Retaining the present prime sponsor system makes sense fiscally and programmatically, because it would build on a system of proven effectiveness. New York City's performance as a prime sponsor serves as an example, having received a superior performance rating from the Department of Labor for its CETA program in 1981. Direct job placement has been our first priority. In 1981, over 60 percent of all those completing our adult training programs entered employment. In the youth employment and training program, where our goal is to enable youth to obtain jobs or remain in school, 70 percent of those completing the program had a positive outcome. Approximately 30 percent obtained jobs, and another 40 percent remained in or returned to school. We believe remaining in school or returning to school is, at least, the equivalent of the job because it provides an opportunity to aquire additional skills to make your forthcoming full adult life even more productive.

In addition, our summer youth employment program received an award from the Department of Labor in 1980 for outstanding achievement. I picked up that certificate too. The program flexibility offered by the Hawkins proposal would allow us to continue operation of these effective programs. We also urge that the legislation maintain the linkage between the school system and youth employment and training programs, a coordinated effort which has worked well in New York City.

We are pleased to see that the Hawkins bill encourages welfare-to-work initiatives. Studies show that New York City's welfare initiatives, particularly in public service employment and in training, were successful. At the height of its initiative New York City placed approximately 8,000 welfare recipients into jobs and training. Data from the training programs indicate that welfare recipients perform well in the training programs. Graduates earn an average salary of more than $9,000 per year.

Participant eligibility should not be limited to welfare recipients. Training should be available to the marginally poor, those who fall outside the income limitations of welfare programs. For this reason, we support 70 percent of the lower living standard, $10,080 for a family of four in New York City, as the income criteria for eligibility in the program. This criterion, endorsed by the Hawkins and Quayle proposals, remains consistent with our goal to serve the most in need.

Prime sponsors must also have the authority to make planning decisions if they are to be held accountable for program results. Although we support formation of a planning council, as recommended in the legislation, we do not agree that this advisory body should share final authority with the prime sponsor in making planning decisions.

Mr. Chairman, I believe that when the locality is given jurisdiction, the authority should not be split. I believe in community advice. I do not believe in community control. Providing concurrent approval for program planning while vesting accountability in the prime sponsor, in this case New York City, runs counter to sound management principles.

The private sector can provide valuable assistance to the city in planning employment and training programs. I support an increased role for the private sector in an advisory capacity on the council to identify business needs, specify skill requirements, and provide on-the-job training opportunities. Our experience with our own New York City Partnership, an association of prominant business and civic leaders, gives me confidence that local businesses are willing and able to make an important contribution. The partnership's summer jobs for youth campaign in 1981 provided 13,600 pledges for jobs, of which 9,300 were verified job placements. It was a tremendous, positive, and successful program, and despite the results of the cutbacks in the Federal jobs program which were devastating, we were able to provide additional jobs for youth during the summer that would not have been possible without the cooperation of the private sector.

As a result the partnership will develop 15,000 job pledges for the 1982 summer jobs for youth campaign, and is firmly committed to implementing a year-round youth program. Although New York City has been in the forefront of involving the private sector in a meaningful partnership, private sector participation should be seen as a supplement to, rather than a replacement for, the current system. We are all aware that the costs, in terms of time and support services that are involved in training the disadvantaged, differ from training designed by businesses for their own use.

Let me stress that it is now more important than ever to maintain a strong Federal role in employment and training programs. New York City has established policies which maximize job placements, sustain welfare-to-work initiatives, and assure equitable distribution of services to the disadvantaged. Our success, however, has been integrally tied to strong Federal support of employment and training. Withdrawal of Federal resources would severely undermine our efforts to help the disadvantaged become self-supporting, taxpaying citizens.

So, in conclusion, I would like to reiterate the importance of retaining the successful aspects of the current delivery system: prime sponsor administration, direct allocation to localities, and training for private sector jobs. These elements provide the cornerstone for rebuilding and strengthening employment and training programs.

I would like Commissioner Ron Gault to join me here, if there are any questions.

Mr. HAWKINS. Mayor Koch, I want to commend you for your excellent statement. I think it clearly defines the issues. I also accept some of the critical points raised with respect to the proposed changes in the existing legislation, H.R. 5320. I think it is constructively made and I certainly feel that we will move, perhaps, in the direction of clarifying some of the points, particularly with the relationship between the administration's bill to the educational system. I agree with you that linkages should be made and, certainly, we will take steps to strengthen that.

Mr. KOCH. That will make our chancellor very happy.

Mr. HAWKINS. Your statement about what you have been able to do in New York City is the answer to the administration's criticism of these programs. Yours is not the only city where we have had testimony that these programs do work. The faults are not inherent in the program itself, but sometimes in the officials who administer the programs. If we had a State program, a State bureaucracy, we will just simply multiply the possibility of bureaucratic waste and mismanagement.

There are a couple of points in your statement I would like to refer to, one with respect to the relationship of the prime sponsor in New York to the operation of the programs in which you said you have had the cooperation of the private sector.

Didn't you suggest that it is best for that to be done naturally, and not through a local prime sponsor but rather through a joint partnership of the private sector and the local prime sponsor, which obviously we have done in the jobs training legislation before us?

With respect to the differences across the country, would you say, if we went to the other extreme as the administration suggests, do you believe that the private sector would be willing to assume the full responsibility—for all of those who may need such an employment and training program—and what would be the position of local government officials with respect to the complete loss of the program to a hypothetical private sector in this nebulous space?

Mr. KOCH. We are opposed to the administration's proposal to eliminate the local government's responsibility to run these programs.

The private sector is a partner; it can never take over the full administration or the policymaking. The private sector operates from the point of view of profit. There is nothing wrong with the nature of this capitalist system. I happen to be a capitalist, although I don't have much money. I just happen to believe the private sector does not do everything.

My own feeling also is that concurrence implies that there is a power of veto. I don't want the private sector to have the power of veto. We have had a good working relationship with them. I think that could continue. The advice they give is also factored in.

Do you want to add something, Mr. Gault?

Mr. GAULT. The New York City partnership worked very well with us. It was at their initiative; they came and asked the mayor what they might do in terms of youth unemployment. We hope to come down, the representatives from the New York partnership and the city, on the 15th, to testify before the joint committees, as to what the partnerships are willing to do. They are prepared to play a role and design a role. As far as the actual implementation of programs and taking full responsibility, I don't think they are prepared to do that. They can expand on that if they get an opportunity to do so.

Mr. HAWKINS. I have one other point.

With respect to the administration's proposed budget recommendations for fiscal year 1983, there is no amount at all allowed for summer jobs for youth for the summer of 1983. I think you have testified as to what you have been able to do in terms of transferring individuals from the welfare roles to work opportunities; in other words, we have two great missing links: What do you think would be the effect of not providing summer jobs for youth in 1983 and the elimination of the WIN program, among other programs that would have to be eliminated under the administration's proposal?

Mr. KOCH. Let me first take the summer jobs program. When I came into office, we had over 60,000 summer jobs provided under that program. I changed the program so that it became a lottery so as to remove any political influence from that program. Nobody, prior to what I ultimately did here, knew how many youths wanted these jobs. What I said was, we would take every single person who fit the categories, who wanted such a job, 14 to 20 was the age group, and the limitations as it related to their total family income; 122,000 youngsters signed up, and we only had about 60,000 jobs. We knew there were at least two people for every job slot that we had.

We put them on a computer. You didn't have to know anybody in politics. You didn't have to know anybody in the community. Your name came up and you got the job. These were basically unskilled jobs for 7 weeks, and I think it paid about $500. Therefore, it was unfair to do what they did in prior years and, as a result of what I did, because we had to keep reliable statistics under the Federal law, we went from 76 percent minority, in the years prior to my administration, to 92 percent, when it was done in a random selection way, without involving politics.

I was proud of that, Mr. Chairman.

There was great resistance to that program in the first year. After that, everybody said, "We ought to expand this to a host of other programs." Take out the political quotient from simply an assignment of jobs. I am proud of that.

If we lose summer jobs in 1983, you would have enormous frustration. You will have thousands of youngsters who want to work, sitting around on street corners and having nothing to do, and it is the old story, idleness breeds problems for everybody. It breeds problems for the community and it breeds problems for the youngsters. Therefore, I could say to you, it would be one of the tragedies if they phased out that program. It is a tragedy they lowered it from the high of 60,000 to somewhere in the neighborhood of 42,000 or something like that, that we ultimately had last year—it was 48,000. That was wrong, absolutely wrong. There was a need to increase it.

These jobs that we give these youngsters are meaningful from our point of view. We set up a program where they would come in and clean graffiti; it was very therapeutic. It also pointed out how bad it was for their colleagues, compatriots, to put the graffiti on in the first place. We believe the programs were excellent.

Mr. GAULT. To put employment and training into a block grant, and exclude the opportunity for summer jobs for young people, would be devasating in New York City. We don't have to raise the horror of what happens to idle young people on the streets during the hot summer. I think the fact is the first job many of these young people had, as a result of the city's summer job program, is important and meaningful to them, as they seek permanent jobs later on in their adult lives. It would be a devastating effect, otherwise.

Mr. KOCH. The same argument could be made for the WIN program—getting people off welfare.

I don't have the statistics in front of me, but I know that now if you want to work and not lose your welfare until you get to the point where your salary would make it possible to, you actually come out behind the eight ball and lose money if you then were on welfare and working, because they have taken away the opportunity to have the deductions as it relates to your necessary work expenditures, and while we have a capitalistic system, which I am supportive of, it seems to apply only to rich people. If poor people want to be included, somehow or other, we deprive them of that opportunity.

Mr. HAWKINS. Thank you.

Mr. WEISS. I wonder if you have any figures, Commissioner, on the year-round unemployment problems? You have given us statistics as to what the overall rates are and the minority rates of the percentage of youth unemployed; what does that come to as far as numbers are concerned, and what are you able to do at all currently about providing for any of those?

Mr. GAULT. The first question you asked is one of the first questions I asked when the mayor asked me to take over this job. We searched and searched. This year we have an actual number to associate with those percentages, a known laborer and statistician, Herb Beanstalk, formerly, head of this region for BLS, did an engagement for us. The numbers from Mr. Beanstalk's report—and I will share that with you and members of your committee—point to 100,000 young people, ages 16 through 24, as being officially unemployed. That is 16 years or older. They had a former association with the labor market and they have actively looked for work.

Mr. Beanstalk pressed on and came up with another figure, an additional 122,000 young people in the same age group, according to Mr. Beanstalk's work, are characterized as discouraged workers. That is they have been so frustrated, disappointed, and just depressed by not being able to find work, that they are no longer actively searching. If you take those two numbers, the 100,000 officially unemployed, coupled with the 122,000 who are discouraged workers, I think you have a very, very serious problem.

I should point out quickly, because this is an issue that has caused great discussion within the city, as we look for hard numbers, the mayor is quoted as saying, at many of our interagency meetings, "How long will these numbers hold up?" 24 hours seems to be the test of it, as it turned out. These numbers have been examined. There are those who will say you have discounted the numbers for frictional unemployment. I say, in response to that, your numbers don't include those discouraged workers. I think the numbers represent a fair picture of what we're looking at in terms of youth unemployment in the city. They map out a course of action that we should pursue.

Mr. WEISS. The 100,000 would come out of the 275,000 overall officially unemployed in the city?

Mr. GAULT. Yes.

Mr. WEISS. How many adult discouraged workers do we have?

Mr. GAULT. We haven't run the numbers on the adults. We concentrated on the youth unemployment as the first phase of this engagement, so we would have hard data to talk about as we looked at these discussions, as we looked and tried to come up with a prescription for what the city and private sector might do.

Mr. WEISS. Thank you, very much.

We know there are a whole host of related other problems. Thank you for taking the time to present your testimony here this morning.

Our next witness is Lillian Roberts. We welcome you.

STATEMENT OF LILLIAN ROBERTS, INDUSTRIAL COMMISSIONER, NEW YORK STATE DEPARTMENT OF LABOR, ACCOMPANIED BY CHARLES SHATTENKIRK, EXECUTIVE DEPUTY INDUSTRIAL COMMISSIONER

Ms. ROBERTS. Chairman Hawkins, Representative Weiss, members of the House Subcommittee on Employment Opportunities, I am Lillian Roberts, industrial commissioner, New York State Department of Labor. Accompanying me this morning is Executive Deputy Industrial Commissioner Charles Shattenkirk. In concert with Gov. Hugh L. Carey, we are pleased to share with the subcommittee the views and perspectives of New York State regarding proposed employment and training legislation.

Through the conduct of this New York City hearing, you have demonstrated a responsiveness to the overwhelming concern about the future of employment and training and the desire of all interested parties to ensure the survival of these crucial programs.

New York State, like so many other States, supports the continuation of the Federal commitment in this area. Representatives Weiss and Hawkins, we appreciate your advocacy for New York State. I have made it the business of the New York State Department of Labor to lead the fight to prepare people for employment and to place them in jobs.

To accomplish this objective, the Department has managed more than 84 million CETA dollars during the last fiscal year; stepped into the forefront of the successful effort to restore job service funding; and launched an aggressive jobs crusade to obtain more jobs for our clients and meet the staffing needs of our employers.

Consistent with our leadership role in New York State, we intend to work closely with the subcommittee to refine the national employment and training system to prepare our constituents for the jobs of today and the opportunities of tomorrow.

Four distinct legislative proposals have been advanced, each which would seek to achieve this goal. Despite the differences among these proposals, a common theme emerges: Increased private sector involvement in program planning; recognition of the importance of natural labor markets for enhancing employment and training opportunities; focus upon the economically disadvantaged as primary program participants; and recognition of the need to monitor and assess program performance.

We agree that these features must be part of an improved employment and training system. The consensus regarding these issues is an extremely positive signal. Based on our experience, however, we strongly urge the subcommittee to take whatever steps are necessary to ensure that any new legislation also embraces the following critical elements: Provision of adequate funding; full program access for the economically disadvantaged; broad mix of services; cooperative private sector involvement; cooperative organized labor involvement; maintenance of a centralized state labor exchange mechanism; and appropriate state and local responsibilities for cooperation and coordination.

In our view, these elements are essential for a viable employment and training system. We have closely examined all of the proposed legislation and have made an assessment of the extent to which these essential elements are reflected in each proposal. I would like to summarize our findings for you.

Clearly, adequate funding is absolutely essential if the employment and training system is to address the pressing need for the services it provides. We must not permit extreme fiscal austerity to become our driving force as we seek to improve the employment and training system. Rather, we must realize that the fiscal policies which have fueled our current recession are the major reasons for an even greater national commitment to employment and training.

Of the four legislative proposals before us, the bill introduced by Representative Hawkins, H.R. 5320, provides the highest authorization level of $5 billion. Of this amount, States and localities would receive $3.5 billion to administer programs for the economically disadvantaged and for displaced workers.

The other proposals would provide substantially less funding, with the proposals to be offered by Senators Quayle and Hatch lowering available funding to a mere $2.4 billion. The Quayle-Kennedy, S. 2036, and Jeffords, H.R. 5461, bills would authorize $3.8 billion and $3.6 billion respectively. However, these levels approximate the current fiscal 1982 funding level of $3 billion, which has created havoc for the employment and training system. Accordingly, we view Mr. Hawkin's proposed authorization as the minimum acceptable level.

There are, however, several specific recommendations we urge Mr. Hawkins to consider to make the employment and training system even more effective.

An effective employment and training system should place at our disposal, the broadest possible array of strategies and approaches. We have received an extremely positive response for our overtures, impletations. We don't believe a new bureaucracy should be created to try to do what government has already developed in expertise and efficiency to manage. Thus, any concurrent planning function for the private sector in government is not realistic.

Of the four proposals, Representative Hawkins offers the soundest mix of business input and assistance by permitting a majority of business persons on the planning councils, while also acknowledging the expertise and desirability of an existing government system to manage and administer the programs. With concurrent plan development between private industry councils and prime sponsors, training programs will be sufficiently responsive to the needs and concerns of the business community.

We are determined to show our businesses in New York State that government can work, and we're making believers out of them. When 3,500 of our employers wrote to Congress to restore our job service funding, they were in effect saying that government has worked.

Organized labor must maintain its prominent place in the employment and training system. With the private sector having a new and expanded role in the several bills, it is imperative that balance be assured with the specific inclusion of labor to ensure the protection of worker's rights. Moreover, labor has a role in employment and training program planning, monitoring assessment as well as training delivery. Recent experience has revealed labor an effective training deliverer. In short, labor must be an eminent partner in the employment and training system.

We and New York City view as one of the most critical factors, which can determine whether it meets new challenges—we take the position that there must be a balanced relationship which meets local needs and, at the same time, provides for coordination activities which extend beyond the boundaries of local jurisdictions. We believe that the prime sponsors are best suited for service delivery. The disruptive effect outweighs benefits.

There are significant advantages that the current State job service structure offers which makes it essential to a viable employment and training system. The ability to access jobs through interstate and intrastate job listings which reflect the changing labor market; maintenance of quality control and efficiency for economic coordination and labor exchange; resounding support by the business community affirming the value of the job service to the private sector.

The operation of labor exchange activities is rightfully a State function. New York State categorically opposes the dismantlement of the job service and its replacement by a local or labor market area employment service. Such an approach would be extravagant and cost ineffective.

For this reason, we support Mr. Hawkins' approach which makes it clear that the responsibility for the labor exchange function should remain with the State. Further, we strongly agree with the Hawkins needs-based formula tailored to unemployment levels. It goes across local jurisdictions and proposes incentives to encourage joint planning.

Greater coordination is also necessary between local jurisdictions for a more effective response to the broader training and labor exchange potential of the labor market. The issue of control should not be the major interest. Rather, the development of the most effective and efficient mechanism for serving our clients must be our primary motivation.

Although the Quayle-Kennedy, Quayle-Hatch, and Jeffords proposals would promote optical utilization of proposed labor market resources, these measures would disrupt the system which now exists by eliminating local prime sponsors in favor of larger geographic areas to be designated at the State level. This would create an atmosphere of conflict rather than cooperation between State and local governments.

We believe that prime sponsors are best suited for service delivery. The disruptive effect of dismantling the prime sponsor system outweigh the benefits. Thus the approach proposed in either of these bills would be unacceptable.

The bill offered by Mr. Hawkins recognizes the importance of planning across local jurisdictions and proposes incentives to encourage joint planning. Despite these incentives, we strongly believe that many prime sponsors will continue to plan locally. Thus, these incentives leave too much to chance and do not hold great promise for bringing about the coordination that Mr. Hawkins recognizes as important.

The States must be included as active partners in the employment training system. We have vast capabilities and resources which must be used to insure proper coordination.

PLANNING

Establishing broad parameters based upon state initiatives for economic development and job creation; and translating labor market information into a useful framework with which local service deliverers can mesh their programs for improved client services.

OPERATING

Performing labor exchange functions through a highly efficient interstate and intrastate networks.

RESEARCH AND DEMONSTRATION

Testing innovative program strategies to serve high risk populations, for adoption by local service deliverers.

New York State has conceptualized a framework which would make this goal a reality. We view it as an extension of the positive strength therein.

We all recognize that economic development and job training activities are inseparable. A trained labor force is critically important to the business community and therefore vital to the economy of the State and thus the Nation. As we view it, therefore, the system for delivery of employment and training activities must consider the entire natural labor market area in planning for the economically disadvantaged population. To do otherwise would be unrealistic, inefficient, and ineffective.

We strongly urge the committee's careful consideration in adoption of our recommendations and training system.

At this time, Commissioner Shatterkirk will now speak on retail strategy for you.

[The prepared statement of Lillian Roberts and Charles Shattenkirk follows:]

Prepared Statement of Lillian Roberts, Industrial Commissioner, New York State Department of Labor and Charles Shattenkirk, Executive Deputy Industrial Commissioner

CHAIRMAN HAWKINS, REPRESENTATIVE WEISS, MEMBERS OF THE HOUSE SUBCOMMITTEE ON EMPLOYMENT OPPORTUNITIES, I AM LILLIAN ROBERTS, INDUSTRIAL COMMISSIONER, NEW YORK STATE DEPARTMENT OF LABOR. ACCOMPANYING ME THIS MORNING IS EXECUTIVE DEPUTY INDUSTRIAL COMMISSIONER CHARLES SHATTENKIRK. IN CONCERT WITH GOVERNOR HUGH L. CAREY, WE ARE PLEASED TO SHARE WITH THE SUBCOMMITTEE THE VIEWS AND PERSPECTIVES OF NEW YORK STATE REGARDING PROPOSED EMPLOYMENT AND TRAINING LEGISLATION.

THROUGH THE CONDUCT OF THIS NEW YORK CITY HEARING YOU HAVE DEMONSTRATED A RESPONSIVENESS TO THE OVERWHELMING CONCERN ABOUT THE FUTURE OF EMPLOYMENT AND TRAINING AND THE DESIRE OF ALL INTERESTED PARTIES TO ENSURE THE SURVIVAL OF THESE CRUCIAL PROGRAMS. IN VIEW OF OUR ESCALATING UNEMPLOYMENT LEVELS, IT IS CLEAR THAT THESE PROGRAMS MUST SURVIVE.

DURING THE MONTH OF JANUARY, UNEMPLOYMENT IN NEW YORK STATE HIT A LEVEL OF 8.5%, AN INCREASE OF NEARLY ONE FULL PERCENTAGE POINT SINCE DECEMBER. THIS FIGURE REPRESENTS 681,000 INDIVIDUALS AND REFLECTS THE HIGHEST UNEMPLOYMENT RATE FOR THE MONTH OF JANUARY SINCE 1978.

FOURTH QUARTER DATA FOR 1981 FOR MINORITIES PAINT AN EVEN HARSHER PICTURE. UNEMPLOYMENT AMONG MINORITIES ROSE TO 13.7 PERCENT. AMONG MINORITY YOUTH, MORE THAN 48 PERCENT WERE JOBLESS.

THE LEVELS OF POVERTY AND UNEMPLOYMENT IN NEW YORK STATE ARE SO SEVERE THAT 3.6 MILLION NEW YORKERS - ONE QUARTER OF THE STATE'S POPULATION OVER THE AGE OF 14 - WILL POTENTIALLY BE ELIGIBLE FOR CETA SERVICES DURING THIS FISCAL YEAR. THUS NEW YORK STATE, LIKE SO MANY OTHER STATES, SUPPORTS THE CONTINUATION OF THE FEDERAL COMMITMENT IN THIS AREA. REPRESENTATIVES WEISS AND HAWKINS, WE APPRECIATE YOUR ADVOCACY FOR NEW YORK.

THE EMPLOYMENT OPPORTUNITIES SUBCOMMITTEE HAS SET THE TONE FOR THE FEDERAL COMMITMENT TO EMPLOYMENT AND TRAINING. YOU HAVE HAD AN HISTORIC ROLE IN FORMULATING OUR NATIONAL POLICY TO IMPROVE THE LIVES OF THE ECONOMICALLY DISADVANTAGED.

NEW YORK STATE SHARES THE SUBCOMMITTEE'S COMMITMENT AND THROUGH THE LABOR DEPARTMENT HAS TURNED THIS COMMITMENT INTO ACTION. I HAVE MADE IT OUR BUSINESS TO LEAD THE FIGHT TO PREPARE PEOPLE FOR EMPLOYMENT AND TO PLACE THEM IN JOBS. TO ACCOMPLISH THIS OBJECTIVE, THE LABOR DEPARTMENT HAS:

- MANAGED MORE THAN $84 MILLION CETA DOLLARS DURING THE LAST FISCAL YEAR;
- STEPPED INTO THE FOREFRONT OF THE SUCCESSFUL EFFORT TO RESTORE JOB SERVICE FUNDING; AND
- LAUNCHED AN AGGRESSIVE JOBS CRUSADE TO OBTAIN MORE JOBS FOR OUR CLIENTS AND MEET THE STAFFING NEEDS OF OUR EMPLOYERS.

CONSISTENT WITH OUR LEADERSHIP ROLE IN NEW YORK STATE WE INTEND TO WORK CLOSELY WITH THIS SUBCOMMITTEE TO REFINE THE NATIONAL EMPLOYMENT AND TRAINING SYSTEM TO PREPARE OUR CONSTITUENTS FOR THE JOBS OF TODAY AND THE OPPORTUNITIES OF TOMMORROW.

FOUR DISTINCT LEGISLATIVE PROPOSALS HAVE BEEN ADVANCED, EACH WHICH WOULD SEEK TO ACHIEVE THIS GOAL. DESPITE THE DIFFERENCES AMONG THESE PROPOSALS A COMMON THEME EMERGES:

- INCREASED PRIVATE SECTOR INVOLVEMENT IN PROGRAM PLANNING;

- RECOGNITION OF THE IMPORTANCE OF NATURAL LABOR MARKETS FOR ENHANCING EMPLOYMENT AND TRAINING OPPORTUNITIES;

- FOCUS UPON THE ECONOMICALLY DISADVANTAGED AS PRIMARY PROGRAM PARTICIPANTS; AND

- RECOGNITION OF THE NEED TO MONITOR AND ASSESS PROGRAM PERFORMANCE.

WE AGREE THAT THESE FEATURES MUST BE PART OF AN IMPROVED EMPLOYMENT AND TRAINING SYSTEM. THE CONSENSUS REGARDING THESE ISSUES IS AN EXTREMELY POSITIVE SIGNAL. BASED ON OUR EXPERIENCE, HOWEVER, WE STRONGLY URGE THE SUBCOMMITTEE TO TAKE WHATEVER

STEPS ARE NECESSARY TO ENSURE THAT ANY NEW LEGISLATION ALSO EMBRACES THE FOLLOWING CRITICAL ELEMENTS:

- PROVISION OF ADEQUATE FUNDING;
- FULL PROGRAM ACCESS FOR THE ECONOMICALLY DISADVANTAGED;
- BROAD MIX OF SERVICES;
- COOPERATIVE PRIVATE SECTOR INVOLVEMENT;
- COOPERATIVE ORGANIZED LABOR INVOLVEMENT;
- MAINTENANCE OF A CENTRALIZED STATE LABOR EXCHANGE MECHANISM; AND

- APPROPRIATE STATE AND LOCAL RESPONSIBILITIES FOR COOPERATION AND COORDINATION.

IN OUR VIEW, THESE ELEMENTS ARE ESSENTIAL FOR A VIABLE EMPLOYMENT AND TRAINING SYSTEM.

WE HAVE CLOSELY EXAMINED ALL OF THE PROPOSED LEGISLATION AND HAVE MADE AN ASSESSMENT OF THE EXTENT TO WHICH THESE ESSENTIAL ELEMENTS ARE REFLECTED IN EACH PROPOSAL. I WOULD LIKE TO SUMMARIZE OUR FINDINGS FOR YOU.

PROVISION OF ADEQUATE FUNDING

CLEARLY, ADEQUATE FUNDING IS ABSOLUTELY ESSENTIAL IF THE EMPLOYMENT AND TRAINING SYSTEM IS TO ADDRESS THE PRESSING NEED FOR THE SERVICES IT PROVIDES. WE MUST NOT PERMIT EXTREME FISCAL AUSTERITY TO BECOME OUR DRIVING FORCE AS WE SEEK TO IMPROVE THE EMPLOYMENT AND TRAINING SYSTEM. RATHER, WE MUST REALIZE THAT

THE FISCAL POLICIES WHICH HAVE FUELED OUR CURRENT RECESSION ARE THE MAJOR REASON FOR AN EVEN GREATER NATIONAL COMMITMENT TO EMPLOYMENT AND TRAINING.

OF THE FOUR LEGISLATIVE PROPOSALS BEFORE US, THE BILL INTRODUCED BY REPRESENTATIVE HAWKINS (H.R. 5320) PROVIDES THE HIGHEST AUTHORIZATION LEVEL OF $5 BILLION. OF THIS AMOUNT, STATES AND LOCALITIES WOULD RECEIVE $3.5 BILLION TO ADMINISTER PROGRAMS FOR THE ECONOMICALLY DISADVANTAGED AND FOR DISPLACED WORKERS.

THE OTHER PROPOSALS WOULD PROVIDE SUBSTANTIALLY LESS FUNDING, WITH THE PROPOSALS TO BE OFFERED BY SENATORS QUAYLE AND HATCH LOWERING AVAILABLE FUNDING TO A MERE 2.4 BILLION. THE QUAYLE-KENNEDY (S. 2036) AND JEFFORDS (H.R. 5461) BILLS WOULD AUTHORIZE $3.8 AND $3.6 BILLION RESPECTIVELY; HOWEVER THESE LEVELS APPROXIMATE THE CURRENT FISCAL 1982 FUNDING LEVEL OF $3.0 BILLION WHICH HAS CREATED HAVOC FOR THE EMPLOYMENT AND TRAINING

SYSTEM. ACCORDINGLY, WE VIEW MR. HAWKIN'S PROPOSED AUTHORIZATION AS THE MINIMUM ACCEPTABLE LEVEL.

FULL PROGRAM ACCESS FOR THE ECONOMICALLY DISADVANTAGED

SUBSTANTIAL AGREEMENT IS REFLECTED IN THE FOUR PROPOSALS REGARDING THE OBVIOUS NEED TO TARGET SCARCE RESOURCES ON THE ECONOMICALLY DISADVANTAGED. HOWEVER, THE MERE TARGETING OF SERVICES FOR THE DISADVANTAGED IS NOT SUFFICIENT TO ENSURE FULL ACCESS. RATHER, THE EMPLOYMENT AND TRAINING SYSTEM MUST BE STRUCTURED TO ENCOMPASS A SUFFICIENTLY BROAD SPECTRUM OF THE DISADVANTAGED POPULATION WHICH FACES BARRIERS TO LABOR FORCE ENTRY. IN ADDITION, THE JUDICIOUS PAYMENT OF STIPENDS AND ALLOWANCES AND THE PROVISION OF ADEQUATE SUPPORTIVE SERVICES MUST BE CONTINUED TO ENABLE THE ECONOMICALLY DISADVANTAGED TO BEAR THE COSTS OF PROGRAM PARTICIPATION AND TO SUSTAIN THEMSELVES WHILE THEY ATTEMPT TO IMPROVE THEIR LIVES.

THE ELIGIBILITY CRITERIA ESTABLISHED BY THE BILL TO BE OFFERED BY SENATORS QUAYLE AND HATCH ARE RESTRICTED TO PUBLIC ASSISTANCE RECIPIENTS AND OUT-OF-SCHOOL YOUTH. WHILE THERE IS NO QUESTION OF THE NEEDS OF BOTH TARGET GROUPS FOR EMPLOYMENT AND TRAINING SERVICES, THERE ARE OTHER EQUALLY DESERVING TARGET GROUPS WHICH HAVE BEEN SERVED IN THE PAST AND WHICH WE BELIEVE SHOULD CONTINUE TO RECEIVE SERVICES. THUS THE QUAYLE-HATCH PROPOSAL IS SO RESTRICTIVE THAT IT WOULD BE EXTREMELY INEFFECTIVE.

THE QUAYLE-KENNEDY BILL WOULD BASE PROGRAM ELIGIBILITY UPON THE BUREAU OF LABOR STATISTICS LOWER LIVING STANDARD WITH A PROVISION THAT 10 PERCENT OF PARTICIPANTS NEED NOT MEET INCOME CRITERIA IF THEY FACE OTHER SEVERE BARRIERS TO EMPLOYMENT. WE BELIEVE THIS IS A FAIR AND REASONABLE STANDARD. HOWEVER, WE STRONGLY DISAGREE WITH THE PROHIBITION AGAINST THE PAYMENT OF ALLOWANCES AND STIPENDS AND URGE IMMEDIATE RECONSIDERATION OF THIS APPROACH. THE REIMBURSEMENT OF EXPENSES PROVIDED IN THIS

BILL IS COMMENDABLE BUT STILL DOES NOT RECOGNIZE THE NEED OF PROGRAM PARTICIPANTS FOR IMMEDIATE RESOURCES TO ENABLE THEM TO PARTICIPATE.

THE JEFFORDS PROPOSAL PROVIDES A VIABLE TARGETING APPROACH, HOWEVER WE DO NOT SUPPORT THE INCLUSION OF ALL YOUTH AS ELIGIBLE FOR PROGRAM PARTICIPATION. ALTHOUGH PRIORITY WOULD BE PLACED UPON DISADVANTAGED YOUTH, THE CRITICAL NEEDS OF OUR DISADVANTAGED YOUTH ARE SO GREAT THAT THEY MUST BE SPECIFIED AS THE ELIGIBLE POPULATION WITH PERHAPS ONLY A 10 PERCENT EXEMPTION FOR HIGH RISK YOUTH WHO FACE SEVERE EMPLOYMENT BARRIERS. WITH THE LIMITED FUNDING AUTHORIZED IN ALL OF THE BILLS, WE CANNOT AFFORD THE LUXURY OF SERVING ALL YOUTH.

WE SUPPORT MR. JEFFORDS IN HIS RECOGNITION OF THE NEED TO RETAIN THE PAYMENT OF STIPENDS. THIS IS OBVIOUSLY A STATEMENT OF CONSCIENCE AND PRACTICALITY DESPITE THE EFFORTS OF MANY OF HIS COLLEAGUES TO ELIMINATE THIS PROVISION. ALTHOUGH A NEEDS-BASED

APPROACH TO STIPENDS MAY BE A CONCEPT WORTH EXPLORING, OUR DISCUSSIONS WITH SEVERAL PRIME SPONSORS AND PROGRAM OPERATORS INDICATE THAT THE SYSTEM PROPOSED BY MR. JEFFORDS WOULD BE COMPLICATED AND DIFFICULT TO IMPLEMENT, AND SHOULD BE RECONSIDERED.

OF ALL THE PROPOSALS, WE VIEW THE HAWKINS BILL AS PROVIDING THE MOST BENEFICIAL TARGETING APPROACH AND THE MOST GENEROUS SUPPORT FOR THE REAL NEED OF THE DISADVANTAGED FOR SUFFICIENT RESOURCES TO PERMIT THEIR FULL ACCESS TO PROGRAM PARTICIPATION.

MIXTURE OF PROGRAM SERVICES

TO MEET THE COMPLEX NEEDS OF PROGRAM PARTICIPANTS AND RESPOND TO THE GIVE AND TAKE OF LOCAL ECONOMIES, A VIABLE EMPLOYMENT AND TRAINING SYSTEM SHOULD PLACE AT OUR DISPOSAL THE BROADEST POSSIBLE ARRAY OF STRATEGIES AND APPROACHES. THROUGH THE CETA EXPERIENCE SUCH A RESERVOIR HAS EVOLVED. WITH

THE EXCEPTION OF THE PROPOSAL TO BE OFFERED BY SENATORS QUAYLE AND HATCH, ALL OF THE BILLS WOULD PROVIDE A SUBSTANTIAL DEGREE OF PROGRAM DESIGN FLEXIBILITY, AND WOULD BUILD UPON THE EXPERTISE WHICH HAS ALREADY BEEN DEVELOPED BY STATE AND LOCAL PROGRAM DELIVERERS.

THE DRAFT QUAYLE-HATCH PROPOSAL, HOWEVER, WOULD SEEK TO PLACE TRAINING WITHIN THE CONFINES OF PROGRAMS OPERATED BY PRIVATE SECTOR EMPLOYERS AND PRIVATE-PUBLIC VENTURES; FUNDED UNDER PERFORMANCE-BASED CONTRACTS; OR PREPARATORY FOR MILITARY SERVICE. ALTHOUGH THIS APPROACH MAY STREAMLINE TRAINING STRATEGIES AND BE APPROPRIATE FOR QUICKLY MOVING MANY PARTICIPANTS INTO UNSUBSIDIZED EMPLOYMENT, THE PARAMETERS ESTABLISHED WOULD FAIL TO REACH THAT SEGMENT OF OUR PARTICIPANT POPULATION IN NEED OF BASIC ACADEMIC OR LIFE SKILLS. OUR BUSINESSES HAVE CLEARLY INDICATED THAT THEY WANT APPLICANTS WHO ALREADY POSSESS PRE-EMPLOYMENT SKILLS. THE QUAYLE-HATCH TRAINING PROGRAM IS UNLIKELY TO PROVIDE THESE SKILLS. YET IF

THESE ARE THE TYPES OF SERVICES NEEDED, SHOULD NOT A VIABLE SYSTEM AFFORD SUFFICIENT FLEXIBILITY TO PROVIDE SUCH SERVICES? NEW YORK STATE'S ANSWER IS AN EMPHATIC YES!

THUS WE VIEW THE BILL OFFERED BY REPRESENTATIVE HAWKINS AS PROVIDING THE GREATEST POSSIBLE MIX OF PROGRAM ELEMENTS, WHILE AT THE SAME TIME FOCUSING UPON THE CHANGING DEMANDS OF THE LABOR MARKET.

OF SPECIAL SIGNIFICANCE IS THE RETENTION OF SUBSIDIZED PUBLIC EMPLOYMENT WHICH WE BELIEVE IS AN APPROPRIATE TOOL, AT LEAST AS AN OPTION FOR AREAS WITH PARTICULARLY HIGH UNEMPLOYMENT, AND FOR THOSE PARTICIPANTS WHO WILL NOT BE ABSORBED BY THE PRIVATE SECTOR.

ANOTHER IMPORTANT PROGRAM ELEMENT IS THE SPECIAL EMPHASIS ON DISPLACED WORKERS FEATURED IN THE HAWKINS AND QUAYLE-KENNEDY BILLS. IN THESE TIMES OF PLAN SHUT-DOWNS AND MASSIVE LAY-

OFFS OUR DISPLACED WORKERS ARE IN DESPERATE NEED OF SPECIAL ATTENTION. OUR UNIONS HAVE EXPRESSED THEIR DEEP CONCERNS ABOUT THIS ISSUE. I AM GLAD THEY HAVE BEEN HEARD BY REPRESENTATIVE HAWKINS AND SENATORS QUAYLE AND KENNEDY.

COOPERATIVE PRIVATE SECTOR INVOLVEMENT

THERE HAS BEEN MUCH DISCUSSION OF THE APPROPRIATE ROLE FOR THE PRIVATE SECTOR IN THE EMPLOYMENT AND TRAINING SYSTEM. IN NEW YORK STATE, WE HAVE REACHED OUT TO THE PRIVATE SECTOR AND HAVE RECEIVED A POSITIVE RESPONSE TO OUR OVERTURES. THIS IS WHERE THE JOBS ARE AND WE MUST CUSTOMIZE TRAINING PROGRAMS TO MEET THE NEEDS OF BUSINESS. WE HAVE DEVELOPED A MEANINGFUL PARTNERSHIP TO ENSURE THAT OUR PROGRAMS WILL PRODUCE JOB APPLICANTS WHO WILL MEET THE STANDARDS EMPLOYERS HAVE SET. WE BELIEVE SUCH A PARTNERSHIP IS THE KEY TO SUCCESS FOR EMPLOYMENT AND TRAINING PROGRAMS.

HOWEVER, MY BUSINESS FRIENDS ALL TELL ME THAT THEY DO NOT WANT THE RESPONSIBILITY NOR DO THEY HAVE SUFFICIENT TIME TO CONSIDER THE MINUTE DETAILS OF PROGRAM PLANNING AND IMPLEMENTATION. NOR DO WE BELIEVE A NEW BUREAUCRACY SHOULD BE CREATED TO TRY TO DO WHAT GOVERNMENT HAS ALREADY DEVELOPED THE EXPERTISE AND EFFICIENCY TO MANAGE.

THUS, A CONCURRENT PLANNING FUNCTION FOR THE PRIVATE SECTOR AND GOVERNMENT WOULD BE FAR MORE FEASIBLE AND REALISTIC. OF THE FOUR PROPOSALS, REPRESENTATIVE HAWKINS OFFERS THE SOUNDEST MIX OF BUSINESS INPUT AND ASSISTANCE BY PERMITTING A MAJORITY OF BUSINESS PERSONS ON THE PLANNING COUNCILS, WHILE ALSO ACKNOWLEDGING THE EXPERTISE AND DESIRABILITY OF AN EXISTING GOVERNMENT SYSTEM TO MANAGE AND ADMINISTER THE PROGRAMS. WITH CONCURRENT PLAN DEVELOPMENT BETWEEN PRIVATE INDUSTRY COUNCILS AND PRIME SPONSORS, TRAINING PROGRAMS WILL BE SUFFICIENTLY RESPONSIVE TO THE NEEDS AND CONCERNS OF THE BUSINESS COMMUNITY.

WE ARE DETERMINED TO SHOW OUR BUSINESSES IN NEW YORK STATE THAT GOVERNMENT CAN WORK AND WE'RE MAKING BELIEVERS OUT OF THEM. WHEN 3,500 OF OUR EMPLOYERS WROTE TO CONGRESS TO RESTORE OUR JOB SERVICE FUNDING, THEY WERE IN EFFECT, SAYING THAT GOVERNMENT HAS WORKED.

COOPERATIVE ORGANIZED LABOR INVOLVEMENT

ORGANIZED LABOR MUST MAINTAIN ITS PROMINENT PLACE IN THE EMPLOYMENT AND TRAINING SYSTEM. WITH THE PRIVATE SECTOR HAVING A NEW AND EXPANDED ROLE IN THE SEVERAL BILLS, IT IS IMPERATIVE THAT BALANCE BE ASSURED WITH THE SPECIFIC INCLUSION OF LABOR TO ENSURE THE PROTECTION OF WORKERS' RIGHTS.

MOREOVER, ORGANIZED LABOR HAS A ROLE IN EMPLOYMENT AND TRAINING PROGRAM PLANNING, MONITORING, ASSESSMENT AS WELL AS TRAINING DELIVERY. RECENT EXPERIENCE HAS REVEALED LABOR AN

EFFECTIVE TRAINING DELIVERER. IN SHORT, LABOR MUST BE AN EMINENT PARTNER IN THE EMPLOYMENT AND TRAINING SYSTEM.

CENTRALIZED LABOR EXCHANGE MECHANISM

AN INTEGRAL PART OF THE EMPLOYMENT AND TRAINING SYSTEM IS THE STATEWIDE LABOR EXCHANGE MECHANISM KNOWN AS THE JOB SERVICE. THIS IS THE ARM OF THE SYSTEM WHICH SERVES BOTH CLIENTS AND EMPLOYERS BY MATCHING THE LABOR SUPPLY — THE VAST POOL OF JOB APPLICANTS — WITH THE DEMAND BY INDUSTRY FOR SPECIFIC TYPES OF LABOR.

THERE ARE SIGNIFICANT ADVANTAGES THAT THE CURRENT STATE JOB SERVICE STRUCTURE OFFERS WHICH MAKES IT ESSENTIAL TO A VIABLE EMPLOYMENT AND TRAINING SYSTEM.

- THE ABILITY TO ACCESS JOBS THROUGH INTER- AND INTRA-STATE JOB LISTINGS WHICH REFLECT THE CHANGING LABOR MARKET;

- MAINTENANCE OF QUALITY CONTROL AND EFFICIENCY FOR ECONOMIC COORDINATION AND LABOR EXCHANGE;

- RESOUNDING SUPPORT BY THE BUSINESS COMMUNITY AFFIRMING THE VALUE OF THE JOB SERVICE TO THE PRIVATE SECTOR.

THE OPERATION OF LABOR EXCHANGE ACTIVITIES IS RIGHTFULLY A STATE FUNCTION.

AMONG THE LEGISLATIVE PROPOSALS, THE QUAYLE-KENNEDY AND JEFFORDS BILLS WOULD SEEK TO DISMANTLE THE EXISTING STRUCTURE AND PLACE THE LABOR EXCHANGE FUNCTION AT THE LOCAL OR LABOR MARKET LEVEL. SUCH A STRATEGY WOULD FRAGMENT THE CENTRALIZED, COMPUTERIZED, INTRA AND INTERSTATE MATCHING CAPABILITIES OF THE STATE JOB SERVICE.

NEW YORK STATE CATEGORICALLY OPPOSES THE DISMANTLEMENT OF THE JOB SERVICE AND ITS REPLACEMENT BY A LOCAL OR LABOR MARKET AREA EMPLOYMENT SERVICE. SUCH AN APPROACH WOULD BE EXTRAVAGANT AND COST-INEFFECTIVE.

FOR THIS REASON, WE SUPPORT MR. HAWKINS' APPROACH WHICH MAKES IT CLEAR THAT THE RESPONSBILITY FOR THE LABOR EXCHANGE FUNCTION SHOULD REMAIN WITH THE STATE. FURTHER, WE STRONGLY AGREE WITH THE HAWKINS NEEDS-BASED FORMULA TAILORED TO UNEMPLOYMENT LEVELS.

APPROPRIATE STATE AND LOCAL RESPONSIBILITIES FOR COORDINATION AND COOPERATION

I NOW WISH TO FOCUS OUR DISCUSSION ON WHAT WE IN NEW YORK STATE VIEW AS THE SINGLE FACTOR WHICH CAN DETERMINE WHETHER THE EMPLOYMENT AND TRAINING SYSTEM PERPETUATES THE FLAWS OF THE PAST OR WHETHER IT MOVES FORWARD TO MEET ITS NEW CHALLENGES. THAT FACTOR IS WHETHER AN APPROPRIATE STATE AND LOCAL PARTNERSHIP CAN BE DEVISED TO MAXIMIZE PROGRAM EFFECTIVENESS.

THE QUESTION OF GOVERNMENTAL ROLES AND RESPONSIBILITIES IN THE EMPLOYMENT AND TRAINING SYSTEM HAS BECOME RATHER CONTROVERSIAL. WE TAKE THE POSITION THAT THERE MUST BE A BALANCED RELATIONSHIP WHICH MEETS LOCAL NEEDS AND AT THE SAME TIME PROVIDES FOR COORDINATION WITH OTHER ECONOMIC DEVELOPMENT ACTIVITIES WHICH EXTEND BEYOND THE BOUNDARIES OF LOCAL JURISDICTIONS.

GREATER COORDINATION IS ALSO NECESSARY BETWEEN LOCAL JURISDICTIONS FOR A MORE EFFECTIVE RESPONSE TO THE BROADER TRAINING AND LABOR EXCHANGE POTENTIAL OF THE LABOR MARKET.

THE ISSUE OF CONTROL SHOULD NOT BE THE MAJOR INTEREST. RATHER, THE DEVELOPMENT OF THE MOST EFFECTIVE AND EFFICIENT MECHANISM FOR SERVING OUR CLIENTS MUST BE OUR PRIMARY MOTIVATION.

ALTHOUGH THE QUAYLE-KENNEDY, QUAYLE-HATCH, AND JEFFORDS PROPOSALS WOULD PROMOTE OPTIMAL UTILIZATION OF PROPOSED LABOR MARKET RESOURCES, THESE MEASURES WOULD DISRUPT THE SYSTEM WHICH NOW EXISTS BY ELIMINATING LOCAL PRIME SPONSORS IN FAVOR OF LARGER GEOGRAPHIC AREAS TO BE DESIGNATED AT THE STATE LEVEL. THIS WOULD CREATE AN ATMOSPHERE OF CONFLICT RATHER THAN COOPERATION BETWEEN STATE AND LOCAL GOVERNMENTS. WE VIEW THIS AS NEITHER NECESSARY NOR DESIRABLE.

WE BELIEVE THAT PRIME SPONSORS ARE BEST SUITED FOR SERVICE DELIVERY. THE DISRUPTIVE EFFECT OF DISMANTLING THE PRIME SPONSOR SYSTEM OUTWEIGH THE BENEFITS. THUS THE APPROACH PROPOSED IN EITHER OF THESE BILLS WOULD BE UNACCEPTABLE.

THE BILL OFFERED BY MR. HAWKINS RECOGNIZES THE IMPORTANCE OF PLANNING ACROSS LOCAL JURISDICTIONS AND PROPOSES INCENTIVES TO ENCOURAGE JOINT PLANNING. DESPITE THESE INCENTIVES, WE STRONGLY BELIEVE THAT MANY PRIME SPONSORS WILL CONTINUE TO PLAN LOCALLY. THUS, THESE INCENTIVES LEAVE TOO MUCH TO CHANCE AND DO NOT HOLD GREAT PROMISE FOR BRINGING ABOUT THE COORDINATION THAT MR. HAWKINS RECOGNIZES AS IMPORTANT.

TO BRING ABOUT EFFECTIVE COOPERATION AND COORDINATION BETWEEN STATE AND LOCAL GOVERNMENT IN THE PLANNING AND DELIVERY OF EMPLOYMENT AND TRAINING SERVICES, STATES MUST BE INCLUDED AS ACTIVE PARTNERS WITH VAST CAPABILITIES AND RESOURCES WHICH MUST BE TAPPED. THE STATE ROLE SHOULD INCLUDE:

PLANNING . . .	ESTABLISHING BROAD PARAMETERS BASED UPON STATE INITIATIVES FOR ECONOMIC DEVELOPMENT AND JOB CREATION; AND TRANSLATING

	LABOR MARKET INFORMATION INTO A USEFUL FRAMEWORK WITH WHICH LOCAL SERVICE DELIVERERS CAN MESH THEIR PROGRAMS FOR IMPROVED CLIENT SERVICES.
OPERATING . . .	PERFORMING LABOR EXCHANGE FUNCTIONS THROUGH A HIGHLY EFFICIENT INTERSTATE AND INTRA-STATE NETWORKS.
RESEARCH AND DEMONSTRATION . . .	TESTING INNOVATIVE PROGRAM STRATEGIES TO SERVE HIGH RISK POPULATIONS, FOR ADOPTION BY LOCAL SERVICE DELIVERERS.

IN THIS MANNER STATES CAN BE A PIVOTAL FORCE IN A COOPERATIVE EMPLOYMENT AND TRAINING SYSTEM. NEW YORK STATE HAS CONCEPTUALIZED A FRAMEWORK WHICH WOULD MAKE THIS GOAL A REALITY. WE BELIEVE OUR PROPOSAL WILL BE OF GREAT USE TO THE SUBCOMMITTEE IN ITS EFFORTS TO FORGE A VIABLE EMPLOYMENT AND TRAINING SYSTEM.

NEW YORK STATE'S RECOMMENDATION FOR A COORDINATED EMPLOYMENT AND TRAINING PARTNERSHIP

THERE IS CURRENTLY A NETWORK IN PLACE FOR THE PROVISION OF BOTH LABOR EXCHANGE AND TRAINING SERVICES. WHILE WE RECOGNIZE THAT THIS SYSTEM IS NOT A PERFECT ONE AND THAT WE SHOULD NOW EXPAND ITS GOALS, SOME OF THE LEGISLATION PROPOSED WOULD VIRTUALLY TEAR DOWN THIS STRUCTURE AND BUILD A WHOLE NEW ONE. THIS DISMANTLING WOULD NOT ONLY DESTROY ANY CONTINUITY IN THE DELIVERY MECHANISM ITSELF, BUT WOULD NEGATIVELY AFFECT OTHER SUCH RELATED SYSTEMS AS SOCIAL SERVICES AND EDUCATION.

WE ARE IN SUPPORT OF MAINTAINING SERVICE DELIVERY AT THE LOCAL LEVEL BY THE PRIME SPONSORS. HOWEVER, ONE OF THE LESSONS WE HAVE LEARNED FROM THE PAST IS THAT PLANNING AT SUCH A LEVEL CAN TOO OFTEN WORK TO THE DETRIMENT OF NOT ONLY THE INDIVIDUALS BEING SERVED, OUR PRINCIPAL CONCERN, BUT ALSO TO THE ECONOMIC COMMUNITY AT LARGE. IT

SIMPLY DOES NOT TAKE INTO ACCOUNT THE REALITIES OF LABOR MOBILITY: COMMUTATION PATTERNS; INDUSTRY CONCENTRATION AND DISTRIBUTION; POPULATION CONCENTRATION AND DISTRIBUTION; OR URBAN - SUBURBAN GROWTH TRENDS. NOR DOES LOCALIZED PLANNING RECOGNIZE THE NEEDS OF EMPLOYERS TO DRAW FROM MORE THAN THE LIMITED GEOGRAPHIC BOUNDARIES OF THE PRIMARY POLITICAL UNIT.

WE ALL RECOGNIZE THAT ECONOMIC DEVELOPMENT AND JOB TRAINING ACTIVITIES ARE INSEPARABLE. A TRAINED LABOR FORCE IS CRITICALLY IMPORTANT TO THE BUSINESS COMMUNITY AND THEREFORE VITAL TO THE ECONOMY OF THE STATE AND THUS THE NATION. AS WE VIEW IT, THEREFORE, THE SYSTEM FOR DELIVERY OF EMPLOYMENT AND TRAINING ACTIVITIES MUST CONSIDER THE ENTIRE NATURAL LABOR MARKET AREA IN PLANNING FOR THE ECONOMICALLY-DISADVANTAGED POPULATION. TO DO OTHERWISE WOULD BE UNREALISTIC, INEFFICIENT, AND INEFFECTIVE.

(MOVE TO OR OTHERWISE INDICATE CHART ENTITLED NYS CAPITAL DISTRICT

LMA/PIC)

IF WE WERE TO LOOK AT THE NATURAL LABOR MARKET AREA FOR THE CAPITAL DISTRICT OF NEW YORK, AS WE HAVE DEFINED IT BASED ON THE CONSIDERATIONS ALREADY STATED, WE WOULD SEE THAT IT IS COMPRISED OF NINE COUNTIES FOCUSED AROUND SEVERAL HUBS OF THE CITIES OF ALBANY, SCHENECTADY, AND TROY. HOWEVER, IT REPRESENTS A SINGLE NATURAL LABOR MARKET AREA IN THAT PEOPLE CROSS IN, OUT, AND AROUND THE AREA TO SEEK EMPLOYMENT. AND YET, TODAY'S STRUCTURE HAS, AS IS SHOWN HERE, (PLACE OVERLAY ON CHARTS) SEVEN DIFFERENT PLANNING ENTITIES, WORKING WITH THEIR OWN DATA BASE AND ATTEMPTING TO REFLECT THE NEEDS OF EACH OF THE LOCALITIES INDICATED ON THIS CHART.

IT IS OUR VIEW THAT THESE NEEDS, THOSE OF THE INDIVIDUAL LOCALITIES, SHOULD NOT BE IGNORED, BUT THAT THERE SHOULD BE A STRUCTURE WHICH PERMITS BOTH UNIQUE COMMUNITY NEED AND THE BROADER NEEDS OF THE REGION TO BE ADDRESSED.

THIS PLANNING FUNCTION, WE SEE AS A ROLE FOR WHAT CONGRESSMAN HAWKINS' BILL CONCEIVES AS A LOCAL OR SUBSTATE PRIVATE INDUSTRY COUNCIL. WE, HOWEVER, ENVISION THIS COUNCIL EXPANDED TO REPRESENT THE ENTIRE NATURAL LABOR MARKET AREA THAT WE HAVE DEFINED. SUCH A COUNCIL WOULD, WORKING WITH EACH OF THE LOCAL PRIME SPONSORS, DEVELOP A PROGRAM PLAN THAT REFLECTS BOTH THE LOCAL NEEDS AND THE REALITIES OF THE AREA AS A LABOR MARKET ENTITY.

THE COUNCIL MEMBERS WOULD BE SELECTED FROM NOMINATIONS REFLECTIVE OF THE LOCAL POPULATION AND CONCERNS, INCLUDING PRIVATE BUSINESS, LABOR, LOCAL GOVERNMENT, MINORITIES, COMMUNITY-BASED ORGANIZATIONS, AND OTHER AFFECTED PARTIES COMPRISING THE REGION. RECOGNIZING THAT IN MOST CASES THE AREA WILL CUT ACROSS POLITICAL JURISDICTIONS, THE GOVERNOR WOULD BE THE FINAL APPOINTING AUTHORITY FOR COUNCIL MEMBERSHIP AND WOULD HAVE RESPONSIBILITY TO ENSURE AN APPROPRIATE MIX. ADDITIONALLY, AS ALREADY PROPOSED WE SUPPORT PRIVATE INDUSTRY REPRESENTING A MAJORITY OF THE COUNCIL'S MEMBERSHIP.

THE GOVERNOR WOULD BE CONSTRAINED TO ASSURE EQUIVALENT REPRESENTATION FOR THE DIFFERENT POLITICAL SUBDIVISIONS WITHIN THE AREA. WITH JUST THIS MUCH, THE SYSTEM WOULD BE SIGNIFICANTLY IMPROVED.

WE RECOMMEND A FURTHER STEP AS WELL, IN WHICH ACKNOWLEDGES THAT FOR PURPOSES OF ECONOMIC DEVELOPMENT AND JOB CREATION INITIATIVES, STATEWIDE PLANNING IS NEEDED TO FOCUS LOCAL EFFORTS. THEREFORE, WE PROPOSE THAT A STATE COUNCIL BE DEVELOPED COMPRISED OF COMMISSIONERS OF VARIOUS STATE AGENCIES CONCERNED WITH EMPLOYMENT AND TRAINING ACTIVITIES; AS WELL AS REPRESENTATIVES OF REGIONAL LABOR MARKET AREA COUNCILS, BUSINESS; LABOR; AND COMMUNITY COLLEGES THIS COUNCIL WOULD INTERACT WITH REGIONAL COUNCILS TO PROVIDE THROUGH A STATE PLAN FOR EMPLOYMENT AND TRAINING, BROAD PARAMETERS BASED ON STATE JOB CREATION INITIATIVES, LABOR SUPPLY AND DEMAND, AND DIRECTIONS OF THE STATE'S ECONOMIC DEVELOPMENT ACTIVITIES. WITHIN THESE PARAMETERS, THE LOCAL AND REGIONAL PLANNING STRUCTURES CAN MOST EFFECTIVELY AID THEIR CLIENTELE.

THE GOVERNOR SHOULD BE GIVEN THE AUTHORITY TO APPROVE SUBSTATE PLANS AS CONSISTENT WITH THIS BROAD STATE PLAN. THE RESULT OF THIS STRUCTURE WOULD BE (CHART 2) THE KIND OF COORDINATION WHICH PERMITS BROAD STATE OBJECTIVES TO BE MESHED WITH REGIONAL CONCERNS AND LOCAL NEEDS. IT WOULD HAVE APPROPRIATE ROLES FOR THE STATE GOVERNMENT, LOCAL GOVERNMENT AND THE PRIVATE SECTOR, AND ESTABLISHES A RATIONAL SYSTEM FOR PLANNING EMPLOYMENT AND TRAINING SERVICES, SUPPORTED BY A DELIVERY MECHANISM THAT PROVIDES TRAINING ON A LOCAL LEVEL AND LABOR EXCHANGE SERVICES ON A STATEWIDE LEVEL SO THAT INTER- AND INTRA-STATE JOB DATA AND SEARCH CAPABILITY CAN BE USED ON BEHALF OF CLIENTELE.

IT IS THESE LESSONS OF COORDINATION, OF PLANNING, OF THE NEED TO INTEGRATE ECONOMIC DEVELOPMENT AND JOB CREATION INCENTIVES, THAT WE HAVE LEARNED FROM OUR EXPERIENCE IN THESE PROGRAMS. THROUGH THIS APPROACH, WE CAN TAKE WHAT WE HAVE AND BUILD A BETTER SYSTEM WITH ALL INTERESTS PARTICIPATING AND NO ONE ENTITY HAVING SUCH A CONTROLLING ROLE AS TO THROW OUT OF FOCUS THE PARTICIPATION OF OTHER GROUPS IN THAT SYSTEM.

I THANK YOU.

NEW YORK STATE
DEPARTMENT OF LABOR

POSITION ON LEGISLATION
SUMMARY AND ADDENDA

As detailed in the testimony this agency supports in Representative Hawkins bill (H.R. 5320) the appropriation level; the mix of services authorized, the eligibility criteria; the prime sponsor delivery system; and the Wagner-Peyser amendments proposed.

We recommend a change in the structure of the Private Industry Council to have it represent for joint planning with Prime Sponsors, a natural labor market area similar to that proposed in Representative Jeffords bill (H.R. 5461).

We recommend a revision of The Governors role to: designate the natural labor market areas (regions); appoint (from local nominations) PIC membership; provide a State Plan for Employment and Training; approve local plans as consistent with the broad State plan.

Details on these proposals are included in the attachments entitled:

- Regionalization: The Rationale
- Considerations and Criteria in Defining Regions/Natural Labor Market Areas
- Proposed Substate Council Structures
- Proposed State Council Structure

Additional recommended changes not documented in the testimony given orally are detailed in the attachment entitled Additional Recommendations.

REGIONALIZATION: THE RATIONALE

In support of regionalization for the design of employment and training programs, which are essential to overall economic development:

Nearly every state or nation can be segmented into component areas which are possessed of unique characteristics - whether they be demographic, social, economic, political, cultural, or geographic. These areas impart an identification to their inhabitants - a regional identity where the aforementioned characteristics, singly or in combination, contribute to that area's distinct qualities.

As a major concern is the overall integration of employment and training planning with the economic needs of New York State, we must give serious attention to the peculiar needs of different sections of the state to make that integration meaningful and rational. We must take into account the industrial and occupational mix in one area as compared with others, as well as the population mix. We must take into account where people work in relation to where they live, and the concentration of the population. We must plan on the basis of regions, which incorporate these important considerations and which allows the delivery of employment and training in a total package designed for particular areas.

The sum of these regional packages will form the best overall package for the state. It will reduce the present fragmentation of planning among many small units which often do not take into consideration the larger needs of the geographic region. It will effect savings in the costs of administration and planning by brining together, under one roof these functions -freeing up dollars for direct, people-serving projects. At the same time, it will allow representation of various groups within each region and of each county within each region. It will bring together people who share a regional identity and who are familiar with the industrial and social qualities of their regions.

CONSIDERATIONS AND CRITERIA IN DEFINING REGIONS/NATURAL LABOR MARKET AREAS

Considerations:

Regions must represent a common geographic framework for the planning, coordination and administration of federal, state and local services in the State. Such regions provide a base for identifying common problems, goals and opportunities, for integrating state and local development and goals.

Criteria:

Essential to the regional demarcations are those considerations which delineate a natural labor market area:

- o Industry concentration and distribution
- o Population concentration and distribution
- o Commutation to work
- o Transportation corridors
- o The natural landscape
- o Urban-suburban growth trends.

Additional considerations are that:

- o Counties be the base building blocks
- o Standard Metropolitan Statistical Areas not be disturbed
- o Social identification, or regional identity be considered
- o Prior employment and training ties be considered
- o Availability of economic, labor market and social data exist
- o Potential for coordination with other federal and state funded services be maximized.

PROPOSED SUBSTATE COUNCIL STRUCTURE

It is recognized in the proposed legislation that the new program must involve the private sector in an integral decision-making, rather than solely advisory capacity. We support this premise with due emphasis on the overall program focus remaining "service to those in need" with positive economic impact (e.g., larger tax base, lowered unemployment, reduced crime rate, reduced welfare rolls, greater availability of skilled workers, reduced employer costs for training) resulting from the aforementioned service being rendered.

We support the structural design of a council, analogus to the current PIC, with each council representing a natural labor market area comprising the designed region. These regions would be structured with area boundaries relative to local labor service delivery parameters, and could be revised at the Governor's discretion in order to promote efficiency and avoid duplication.

Nominations 1/ to these councils would be forwarded to the Governor for final designation to this body. The composition would, therefore, be determined by the Governor, who would have responsibility for the composition to be adequately and appropriately representative of the local population and concerns (e.g., unions, minorities, local government, LEA's, CBO's, etc.), in addition to those of private industry (representing not less than a majority of the council's membership). Requirements for the structuring of these PIC's were previously expressed in the governing Federal Rules and Regulations. We recommend that Federal legislation address this.

These regional councils would interface with the State Employment and Training Council representing the Governor for State input regarding economic development objectives; supply and demand data and projects and statewide initiatives. They would share joint responsibility and authority with the prime sponsor for preparation of local plans and thus incorporate both state and regional concerns into this process.

1/ Nominees would be solicited by the State from among the localities affected parties (local government, Chambers of Commerce, NABS, unions, LEAs, CBOs, etc.) on an equitably-proportionate basis.

PROPOSED STATE COUNCIL STRUCTURE

As a part of a coordinated planning structure, we support the establishment of a statewide council for employment and training.

This council would have the responsibility to ensure comprehensive statewide planning, and would interface with substate planning councils for input reflective of their particular and unique concerns.

We propose that such a council, comprised of the Commissioners of various state agencies, concerned with employment and training activities, for example, Commerce, Education, Social Services, and Correctional Services, as well as representatives of substate labor market area councils, the business community at large, labor and other concerned parties be appointed by the Governor.

This broadly representative membership structure would allow for the input necessary to ensure realistic planning for delivery of services to the entire state's population.

We further propose that the Council be placed under the direction of the Industrial Commissioner, on behalf of the Governor.

Mr. **Shattenkirk**. Thank you.

While we recognize this system is not perfect, it is not necessary to tear down this network and build a whole new one. This dismantling would destroy the continuity of other systems, such as social services, education, and unemployment insurance. We support maintaining service delivery by prime sponsors. However, one of the lessons we have learned relates to the detriment of individuals being served. It is our principal concern—and, also, the concern of the economic community at large.

The city does not take into account the realities of labor mobility, community patterns, industrial constrictions of distribution, population constrictions of distribution or urban-suburban growth trends. To draw people from more than limited geographic boundaries and job training activities are inseparable. It is critically important to the business community and vital to the economy of the State and the Nation. As we view it, the system for delivery must take into consideration an entire area in planning for the economic disadvantaged. To do otherwise would be unrealistic and costly.

Over here we have shown a chart of the capital district. We can see it is comprised of nine counties focused around the cities of Albany, Schenectady, and Troy; people in and out and around the areas. Yet today's structure has seven different planning entities. In attempting to reflect, it is our view that these needs of individual localities should not be ignored, but that there should be a structure which permits unique county needs and the broader needs of the region to be addressed.

This planning function receives the concept of a local private industry council. We envision this council expanded to represent the entire population. Such a council would work with each of the local prime sponsors; that reflects both the local needs and the realty of the industry.

The council members would be selected for nomination, representing both the population and concerns, including private business, labor, local government, minorities, community-based organizations and other affected parties. We recognize in most cases areas will cut across many political subdivisions and ensure an appropriate application.

Additionally, we support the concept that a majority of the council membership be from the different political subdivisions within the area being served. We recommend a further step as well which acknowledges that purpose. Statewide planning is needed to focus local efforts. Therefore, we propose that a State council be developed and comprised of commissioners of various State agencies, as well as representatives of regional labor market area councils, business, labor, and community colleges. This council would interact with a regional council to provide to the State planning, broad parameters and initiatives, labor supply and demand, and State economic development activities. The local and regional planning structures can be most effective. The coordination activities show planning being shared with the private sector councils and the local government. It shows the State government participating in it with the planning department, providing service and delivery to the labor exchange, and it also shows local government being primarily responsible for training. The result of this structure would be the broad State objectives to be measured with regional concerns and local needs, which establish a rational system for planning employment and training services. This would be supported by a delivery mechanism, providing training to the local level and labor exchange services on the statewide level, and research capability on both the statewide and national level can be utilized.

In conclusion, we have learned valid and costly lessons from past experience, and believe this need can only be met through incorporation of our recommendations.

Furthermore, in economic development and job creation incentives, we can and must fill a better and a more efficient system than we have.

Mr. WEISS. Thank you very much.

Would you address yourself as to how it would be effective for New York City? You used the capital district area as the example for how the State coordination would work. How would it relate to New York State?

Mr. SHATTENKIRK. It would be one labor market area. It would have its prime council.

Mr. WEISS. How would the State be involved?

Mr. SHATTENKIRK. The State would be involved in consenting to broad parameters of economic development within the State; for example, into high-technology kinds of business, identifying major labor shortages in high-demand industries. This information would be provided to the city and they would use that in developing their own plans.

In addition, we would supply labor market information, which we would have available to us.

Mr. WEISS. You have in mind then, that so far as an entity such as the city of New York is concerned, the State role would be to be available as a resource to provide information and assistance, but not to provide mandates, directions, or planning which the city would have to abide by.

Mr. SHATTENKIRK. Well, I think——

Ms. Roberts. I think they would be considered as one.

STATEMENT OF VIRGIL HODGES, DEPUTY COMMISSIONER, NEW YORK CITY DEPARTMENT OF LABOR

Mr. Hodges. I am Virgil Hodges, deputy commissioner of New York City Department of Labor.

Mr. Weiss. Yes.

Mr. Hodges. There would be a State-coordinated plan. New York State would develop its plan with broad general parameters designed by the State, and then the State would have the council that makes recommendations to the Governor, as the State and employment and training councils do now for approval of prime sponsor.

Mr. Weiss. In my view, you would consider areas that are unduplicated? That seems to me what you are saying about the capital district. You said you would be running and overlapping labor markets and so on. If you are saying that New York State is a single market of its own, all you do by bringing another level of bureaucracies in is to slow the process down. It should be going into employment and training.

Isn't that a danger?

Mr. Hodges. We don't envision that to be an additional cost. We believe it would be the same roles the State provides in the employment and training system anyway. New York State is a very unique entity. New York State is one of the new places in the Nation that would be its own natural labor market area. It is unique to New York State. No other place in New York State, for example, no other single city would be one labor market area. It would be the only political subdivision that would be just a natural labor market area.

Mr. Weiss. I don't know what Chicago would say.

Mr. Hodges. Chicago would probably have the same kind of definition. It would be designed to the formula of natural labor market areas.

Ms. Roberts. There are two other advantages, that is the labor market area: it would also have a representative of the overall board. There are some persons in New York State who may be able to work in Rockland and other places based on their skill. The only way we would be able to interchange is to, at least, have the kind of contact with the industrial board under the direction of the labor department and the Governor, to make sure the manpower needs are met.

Mr. Weiss. I appreciate that.

Again, my concern is that always in these situations there is a turf fight, inevitably. I am not sure that the better part would not be to see in what areas you could reduce or eliminate the duplication, rather than start off with the premise that everybody is subject to the same kinds of mandates.

Having access to the information or resources is one thing, being subject to approval of a plan for the Governor's office on down, I think, puts you in a position, or puts the city—such as New York, Chicago, or a dozen across the country—into positions where all that is happening is there are two levels of bureaucracies getting into the way of providing help to people.

Ms. **Roberts**. The real problem is, the 7 months I have been commissioner of labor, we are training people for nothing, or in areas where they don't have need for those kinds of people. If we have an umbrella effect, we are able to say, "We don't need these people here. We have plenty of them." There is nobody calling the shots on that and the money is not being used properly, and the business community is not receiving what they need.

Mr. **Weiss**. I think that is a valid criticism.

I am not sure that the bureaucratic grasp is the way to resolve that problem. That is the only answer?

Ms. **Roberts**. I think it permits the dialog for resolving it. When we start to talk about having more people and then talk about relocation or getting those people that are excessed here, but not enough where they are needed, I think we would be grappling with the problem.

Mr. **Hawkins**. Let me pick up on the criticism you just gave. You are training people in many instances for jobs that don't exist. That is one of the reasons why, in my particular program, we made the local picture an equal partner with the governing body, therefore, with the prime. That, obviously, would bring the private sector—those who provide the jobs—into a very close relationship to those total governing bodies, or to the primes, so that we would, in effect, be involving those who employ the individuals being trained in the planning process, the design of the planning, and so forth. That is the precise reason why we did that.

I think that criticism may not be eliminated entirely, but certainly would be eased.

I am a little confused by these charts. The charts sometimes don't always clarify, but tend to look beautiful. You have some beautiful colors over there. I am trying to see how all that fits in with the various proposals. I am somewhat at a loss as to how you explain those charts. The administration's proposal reflects a power shift of full responsibility from the local government to the State and the Governor. Are you saying that would give the type of result that the chart on the right would, and if so, what assurance would we have, if it is not the administration's proposal? Which of the proposals would allow that to be done any more than the current proposal? For example, the proposal to the left talks in terms of coordination. I think it is an ideal situation and all of us would tend to say that it is good. That is wonderful. Some of that is being done even now, under the current program. It seems that if the officials want to do some of these things, they already can do it. Because officials don't always get together and are willing to give and take, we don't have the result that you indicated.

What I am suggesting, or trying to clarify is, which of the proposals might accomplish what you are seeking to accomplish as you outlined it in these particular charts?

Mr. **Hodges**. Congressman Hawkins, the recognition of the private industry councils and the planning process is a significant one. We think the partnership concept is in your proposal. The chart on the right is an attempt to show that with the private industry councils, you would have a conglomeration of political subdivisions that are very related in a natural labor market area. In my package of testimony and materials, is the criterion for the development of the natural labor market areas, and we believe that that can be decided on a State-by-State level, so that it would be applicable to any natural labor market area with the criteria applied and adequately defined. The concern then would be that—to use another example of New York State, the city of Buffalo, the county of Erie—being two separate prior sponsors, perhaps, would not call less for the concerns, such as computation matters, integration and so forth, because they have their own political interest.

The same would be the case in the natural labor market here. We have been advised by the business council and other private sector entities in New York State that their concern is with the localization of the political process, that it becomes too involved, and that they would like to see that removed. We want to try to make it the best of both worlds—involve the local political entities in terms of recommendations, but removing it somewhat from the locality to the State level; so that the larger interests of the entire labor market area, the entire State and other kinds of considerations. in terms of economic development and so forth, can be involved in the planning process.

We believe that your proposal has more of the attributes and is more desirable for New York State. However, these recommendations are appendages to that proposal.

Mr. HAWKINS. What we attempt to do, at least in the proposal that I have, is to provide some flexibility to construct the type of a system that fits a particular set of convictions, without mandating it. I don't see that any proposal—and this might apply to any of them that attempts to mandate a particular pattern that has to be followed at the local level—is going to operate successfully. What we attempt in my specific proposal is to encourage it by providing incentives. If they consolidate, then there would be an extra bonus provided to encourage it, but not to mandate it. I can't see how, under any of the proposals, you are going to end up with the ideal situation if at the Federal level there is some mandate, even if it is, let's say, passed through the Government and the State. You still have those politicians at the local level to contend with, who are going to be very zealous in taking their turn.

Trying to get the local delivery system in such a shape that a prime would work, less than the employment service, is what we have sought to do—you have both Federal and State employment services involved in the delivery system, and not duplicating each other's efforts. One meets the other. You can't mandate that they get together. The wedding of that takes place with no love. If you encourage them, you are making it possible in these days when money is in short supply, to get them additional money. That is the way you do it.

If you want to encourage those accounts that you speak of to get together, I don't think the State or the Federal Government is in a position to make them do so, if they are reluctant to do so. If they know that if they do get together, that it is much more desirable for them to do so, they can't get the plan approved at the State or Federal level unless they do consolidate, that is the way to do it. That's what we attempt to do. In other words, we give them flexibility to meet that condition, because there are geographical differences across the country. At the same time, without mandating it, we encourage them through incentives.

Mr. Hodges. I think Commissioner Roberts pointed out we do agree with the incentive. We don't think it is substantial enough to assure it. I think the recommendation is that——

Mr. Hawkins. Which of the proposals mandate that it be done? Does the administration's proposal insure that what you are talking about will eventually come to pass?

Mr. Hodges. We are trying to bring a new idea to you.

Mr. Hawkins. I was trying to relate it to somebody.

Mr. Hodges. This is a new idea. We believe that the natural labor market areas, the incentives—and we are not suggesting that the dollars must go through the State—we are suggesting that the State must have plan approval and coordination responsibility.

Mr. Hawkins. Do you agree, under the current CETA legislation, that what you are talking about actually could be done? There is no prohibition against it?

Mr. Hodges. The requirement for State approval in the planning process would need to be strengthened. That is essentially what needs to be done; and a definition of natural labor market areas, not approval for the sake of State interference but approval for the integration and coordination via natural labor market areas. Those are the essential considerations that we believe are required for a thorough local integrated planning process.

Mr. Hawkins. Let me ask you one other question, Ms. Roberts I think you made reference to stipend and allowances, which is one of the vast differences among the proposals, one of which, the administration's proposal, prohibits any stipend or allowances. What do you think is the effect of this with reference to those who are eligible under the administration's proposal?

In other words, do you believe that removing stipends or allowances for the economically disadvantaged, who would be participating in the program, would work effectively?

Ms. Roberts. I think it would be difficult.

You are talking about many parents who have youngsters who are on welfare, who have borderline jobs. They don't have the money to give to them to go to class or any training institute. I think it is important they have that.

Mr. Hawkins. I think the Undersecretary of Labor, if I may attempt to quote him, has said that the training should be available to those who have the motivation. If they have the motivation, then they would succeed in the training program. If they don't have the motivation, paying them by stipend or allowance would defeat the program.

Ms. Roberts. I am talking about enough for carfare. I think you can have all the motivation in the world, but you have to have the carfare.

Mr. Hawkins. In New York State, they don't take hard cash sometimes.

Mr. Jeffords. Thank you, Mr. Chairman. I appreciate your testimony. I suggest you might review my bill, with respect to the concepts of labor market areas, and see if it does, in effect, what you asked for. If it does, I would appreciate any thoughts you have. I think you will find it does allow the State to designate labor market areas, with exceptions. Even then, the Governor has the authority to require, if he desires, a certain area be a labor market area, and yet it does give considerable control to the local areas. I'd appreciate it if you would see where we agree.

The same is true for the employment services coordination. I think in the proposal that I have suggested, it does what you want in that area. The area where you did raise concerns is with allowances. I would agree with you. Your criticism of a needs-based analysis as a prerequisite to stipend, is that it would be too complicated. I wonder if you could elaborate on that. We can talk all we want about allowances and authority to the appropriations committee. The expectation of getting as much as we like is limited. Do you have any idea what the objections were to using the proposal as set forth in my bill, on determining our stipends based on need?

Mr. HODGES. One of the things we found difficult was the complexity of defining the eligibility, and we, perhaps, could develop an alternative. We did examine, very carefully, as well as we could, the definitions of eligibility, and we found it rather complex, and we thought it would be rather difficult to administer and to monitor. We could do further analysis and make further recommendations. I believe that we were, more in the interest of sifting out those things we thought would work, and in that instance did not develop an alternative specific to the complexities of the stipend and the formula that were proposed.

Mr. JEFFORDS. I would certainly appreciate it if you would take a look at that, as much as we would all like to provide what the present CETA legislation does in that area. Does it work? Is the number of people who will be served smaller than would be served under a different system? I would appreciate it if you would look and see if there is an alternative to my proposal.

Ms. ROBERTS. We have every intention of bringing you a letter to that effect.

Mr. WEISS. I am sure it comes as no surprise to you, you have touched on one of the thorny topics in the whole area of employment—State versus prime sponsor or city role. I am sure that we will be debating it as we go through this process, and we will be reaching out to you, I am sure, for further input.

I know this is not a specific part of this legislation. I wonder if the issue of work fare comes within your area of jurisdiction? Last year it was permissible for the States to undertake it, and this year, if the Reagan administration recommendation's are adopted, it would become mandatory. What impact do you think that would have on the whole area of employment, unemployment and stability within the State?

Ms. ROBERTS. I think it will certainly lessen the jobs. Now, you are forcing people who may be able bodied, but can't find work, to work for welfare wages. It has to cut into the labor market. It may find itself having other persons to return to welfare because they won't be able to find jobs. I don't think it is positive at all.

Mr. WEISS. Is that going to be thrown into your lap ultimately?

Ms. ROBERTS. We have workfare persons, but to my knowledge, it is not businesswise.

Mr. JEFFORDS. Thank you very much for your testimony.

Ms. **Roberts**. Thank you for listening to us. I look forward to more statistics.

Mr. **Weiss**. Obviously, at any stage of the proceeding, if you feel you would like to expand or submit further material, we would welcome it.

Ms. **Roberts**. Thank you very much.

Mr. **Weiss**. Our next witness will be Mr. Ted Small, president of the Private Industry Council.

STATEMENT OF TED SMALL, PRESIDENT, NEW YORK CITY PRIVATE INDUSTRY COUNCIL

Mr. **Small**. I am Ted Small, president of the New York City Private Industry Council, which is the largest in the country. Our council has placed more people with more employees than any other year. We served a combination of 2,800 adults and 1,500 young persons. Of our adults, more than 19 percent had a positive termination. The picture has opened new opportunities for employment in industry, such as banking, computer programing, brokerage houses, cable TV, and many others. We have developed clearly unique programs for certain populations: The homebound, disabled, new migrants into the country, dropouts, ex-offenders, women in nontraditional employment, and the mentally retarded. We have enjoyed a very strong and mutually supportive relationship with the city of New York, which is part of the reason for our success.

We are also strongly involved with, obviously, the private sector, and have recently been named in the partnership effort, to classify it, by the mayor and others. We have been named as the coordinating agency by the partnership.

In commenting on proposed legislation for the renewal of the Nation's employment training system, we see many more similarities in the various proposals than we see uncompromisable differences. We see much of value.

One of the first things of value that we see is that it seems that at every end of the political spectrum, the notion that there is, in fact, a strong rule in addressing the need for unemployment and a need to improve the skills and productivity of the workplace are now being addressed and recognized. At one point, it wasn't clear that the political spectrum would accept that role as part of the spectrum. Now that is clear.

We think that some provisions ought to be part of any new legislation. First, the business community must have a very clear role. When the Congress in 1978 added title VII to the CETA program, it did so out of the need to increase the credibility of the employment training system, and with the private sector, which controls 80 to 85 percent of all jobs. That need has not changed. Many of the pictures around the country have demonstrated that credibility can be increased by a strong business role.

We ought to get—in some of the proposals, we see that role as somewhat unclear and I will get to that a little bit later—the specifics of what we think that role ought to be. We think that the movement in several pieces of legislation, judging the system by its results, by looking at performance, and linking decisions based on what performance has been, is a much more effective system than trying to strangle the system by difficult or complex regulations. We think that services, indeed, ought to be targeted on those with significant barriers to employment. Overwhelmingly, these are the poor, and we accept the targeting to the 70 percent of the lower living standard. We think other barriers, as your bill, Mr. Chairman, does show, other barriers to employment ought to be addressed in some part.

We believe the new program should be built on the successful partnerships and the successful activities that have already reached high-performance standards. That is to say we think that those prime sponsors, those pictures, those community-based organizations, those school systems that have achieved high levels of performance, should clearly become the start of the new system. We have not done so well in employment training that we could discard those things that work.

In some specifics, we think that the businss involvement ought to stress the business' main concern in participating with CETA; that is to say, the design and implementation of programs that can lead to the development of an effective work force for those businesses. We think that the business community is not—and we agree with Mayor Koch—going to be interested in doing a great deal of social planning. The business community has an interest in having a welder who can weld, and a typist who can type. I don't think it is a business judgment whether those people are born from the Bronx or Brooklyn or whether they are black or Hispanic or whether they are 17 or 22. I think those kinds of decisions are essentially public decisions, and I think that those decisions ought to be made publicly. The question of what constitutes a good welder or how many words per minute is acceptable for a typist, those are business judgments, and how to reach those standards are business judgments, as well.

We know the currently proposed legislation differs in the role that they would give to the State and the business community, to the local prime sponsor system. I think an effective program, whatever the legislation may require, an effective program in New York State is very clearly going to be dependent upon an effective relationship between the city of New York and its structure, the department of employment, whose commissioner was here earlier, and the local business community as well; support from education, community-based organizations, organized labor, economic development. All of the factors are going to have to come together. Again, whether that role is built into the legislation in this part or that part, I think these roles will continue.

In terms of important standards, we think that we should emphasize different kinds of standards, as various proposals do.

Mr. Chairman, yours; Mr. Jeffords, between what you are attempting to do for young people and what you are attempting to do for adults.

I think we ought to look at educational gains. I think we ought to look at wage gains. We ought to take a look and see if we can develop, since we don't want a system that concentrates all of its resources within any spectrum of eligibility or those less in need. We ought to be looking at performance standards, at the development of the standard. It is more difficult to place a high school dropout who has had a drug problem, no skill, and no previous work record, than somebody who graduated from school and has had four summer jobs. We ought to be able, after so many years of employment training experience, to begin to codify some of what has gone into an effective placement system.

Again, the judgment as to how to reach these performance goals has to be made locally, with some support presumably by the State. It has to be made locally, based on the best that both the private and public side can put into the field.

One of the things that we are very concerned about is the question of who is eligible for services. As I have mentioned, we think services ought to be concentrated on those who have the greatest need, which is the people at the 70-percent lower income standard. We like the notion of having a 10-percent window, if you will, wherein people who have other barriers to employment, the physically handicapped, the elderly who I think are now at the other end of the spectrum, all going to be demanding more employment services, those who need retraining, all of those needs, to have some window of services, whether it is 90-10, as in your bill, Mr. Chairman, or 80-20. That is open to some question.

Generally speaking, a system which has general eligibility standards based on economic need and some portion reserved for those who have other barriers of employment, we think is reasonable.

The range of services should be as broad as can be developed locally. It should involve all of the traditional developments that we have been involved with, on OJT in classrooms, vocational exploration, and a combination of those work experiences. We have, here in New York, with our PIC system, experimented with training seriously disabled people by wiring up their homes with word processing equipment and, then, we push a button and tie into a major insurance company's word processing system, which happens to be located in Connecticut. We think we should be exploring with programs of the 1980's, the possibility offered by some of the technology of the 1980's, and we should not try to predict those things, but we should allow for a fair program mix, always faced with a need to come up with reasonable importance.

I can go on with this for a while, but we think that it is very important to build new entities on that basis, with the core of those who have been successful in the past. We are not sure where power will eventually reside under the various proposals, the city or the State, but as you know, we expect our mayor, now, to be looking for, going for Governor, and maybe we are covered in either extreme. In any event, those roles have to be clarified. We have to base the new efforts on those who have reached previous success.

Finally—I am not sure this is at the philosophical level that we have all been talking about—present funding cuts have eliminated just about all the fat from the system, and some people would say, and I would agree, a good deal of bone as well. Whatever system we are going to come up with, I think it is critical that we begin. It will not be as in previous years, a great deal of funding to cushion change in the system. If we are to maintain any momentum and keep vital services alive, there ought to be a need to look at funding properly upon the new physical year, or else the system will disintegrate, whichever new system may take its place.

I am sorry, I do not have a formal statement.

Mr. WEISS. Thank you very much, Mr. Small.

I wonder if you could tell us a little bit about your specific program. At its peak, how much money did you have and how many positions were you able to work with? How many companies, and so on? Flesh it out for us, just a bit.

Mr. SMALL. The peak, in terms of our spending, was fiscal year 1981. That was our peak, in terms of spending and development of our program. We spent just about $13 billion. We served 4,300 some odd clients with well over 1,200 companies and, probably, 150 different occupations.

Of those 4,300 clients, 2,800 were adult and were placed in training leading to permanent employment. Occupations included everything from computer training at a major college in town, to the word processing, welding, ship fitting, diamond cutting, energy auditing, a variety of skills.

Young people were placed with something on the order of 400 or 500 employers, to gain needed kinds of work experience and training on a part-time basis, leading to, we hope, enhanced employability. In two or three cases, one in electronics and the other in business skills, we tried a program for young people, stressing temporary internships with improvements and changes in school curriculum; so what we were aiming at was more relevant teaching in school, combined with work experience, so kids could see the relevance in that they were learning skills leading to transition in employment when the process was over.

Of our enrollees, adult enrollees, approximately two-thirds who were enrolled were just referred work. Of those who graduated from our program, 93 percent were referred work.

Mr. WEISS. If we had unlimited funds, what do you believe the maximum expended effective rate was, and why?

Mr. SMALL. We have spent approximately at a rate of 1 million a month. We felt that with 93 percent of our graduates receiving employment, we feel that was wise. The PIC system is only 3½ years old in any city, and in those cities only a year or 2½ years old operationally. We think that amount could be multiplied by some factor, two, three, without much difficulty, particularly, in view of both the great number of unemployed people. There are these details, as well as the number of open, unfilled jobs; the mismatch in the labor market as such. We feel there is a great deal of work for a PIC or the total training system.

Mr. WEISS. Let me ask a question: There is an unlimited amount of funds you could spend wisely and effectively in PIC's. Supposing we say the administration is, in fact, on its way to saying, "We want the private sector, the PIC's, to do this whole thing"; could you do it?

Mr. SMALL. No. As I said before, in my remarks, I believe there are a great many funds. I would say, most effectively, those bearing on young people were a partnership between some functions maintained by the PIC—don't forget, when the PIC has a training program, the PIC generally doesn't do it. It does not do training. What the PIC has done has been to contract out to those who meet standards set by employers, so we insure the graduates of those programs that they can be employed.

In terms of what the PIC would do: One, it would propose retaining large elements of the concerns and work the prime sponsor had done in a city of this size; and two, through the contracting mechanism, the PIC of the hundreds of programs we have run, we have only done one in-house. The others have all been contracted out to a collection of community-based organizations, community colleges, 4-year colleges, companies, labor unions. We believe, in that process of involvement of all of the efforts necessary to deliver employment training services, I think that when you say what can we spend, the city of New York at one point spent close to $400 million, according to the mayor's testimony.

We are in no danger of having to spend that much money again, but I think we could spend a great deal more than we are currently.

Mr. WEISS. Thank you.

Mr. HAWKINS. Mr. Small, at the time you were receiving, I think you said in 1981, who did the training for you? Was it a combination, a group of entities that, I think, you referred to? Who were some of the others?

Mr. SMALL. They were either community-based organizations, community colleges, companies themselves, sometimes groups of companies through trade associations, labor unions, or preparatory schools. Some training was done in the New York City Public Schools. Really, when you are dealing with 150 different occupations, the training appropriate to each one is going to vary greatly; the training appropriate to each company will vary greatly, depending on the size or whatever. We found that as we look at it, almost no two of our programs were alike in terms of the precise sponsorship or length or program components. It is the tailoring notion that has enabled us to reach the needs of private industry.

Mr. HAWKINS. Would it be desirable, from your point of view, to earmark who should do the training? That is, community colleges, et cetera, each trying to carve out a certain percentage? Would that be a flexible way of dealing with it, or would you prefer it not be so earmarked?

Mr. SMALL. If you were simply writing legislation, Mr. Chairman, to earmark for New York State or Cleveland, Ohio, fine. But since situations differ so greatly throughout the country, I doubt that you could, in Washington, come up with formula that would automatically make sense in every community.

We know that ultimately what we wish to do is benefit clients in need. The way that we are judged as to whether they are being benefited or not, is whether they learn something that somebody will pay them to do. We have started with a job. What is the requirement of a particular job? Then, we have asked the question "How does somebody"—not a CETA client—"How does somebody normally get trained for that job?" Do they learn it on a job? Do they learn it in a school? In a certain way or a certain place? We then try to duplicate for our CETA clients normal entry into those jobs, so somebody comes out of our program knowing essentially what anybody else applying for those jobs knows and, apparently, competitively; they have been able to get jobs that are available.

To prescribe in Washington which percentage service mix is going to lead to that ability of satisfying the demand of a particular market, I think, would be a very difficult undertaking, and one I would not recommend.

Mr. HAWKINS. In terms of the enrollees, not at your peak, but since that time, how do you select those that you provide training for?

Mr. SMALL. The Private Industry Council has no clients of its own. It works with all of the various agencies being funded by the city of New York. Primarily, our sources have been 3 in number, although there are over 200. The main sources have been the city training and placement centers, which is a neighborhood based intake system with intake operations throughout the city. The home relief population are those people on welfare payments paid out of city tax levy, upon the AFDC and other public welfare roles.

What we have done for each program, knowing the jobs we were aiming at, we also know what the training should be like, and we know what specifications should be; whether somebody needs to have manual dexterity or whatever. We have within those things put forward those criteria and then have placed people who were referred to us by public agencies.

Mr. HAWKINS. Do you believe—I think you indicated the emphasis should be on the economically disadvantaged—that a good manpower program should do for other groups as well? For example, I don't know about New York, I guess you have some of it, but in some areas of Los Angeles for example, our greatest problem at this time is the layoff problem. In addition to, let's say, putting emphasis on dealing with the economically disadvantaged, perhaps, in terms of the size of the layoff problem itself, is a lot more than even that, as large as that problem is. Do you believe that a program should also include manpower roles and should include consideration from these other groups?

Mr. SMALL. Without question.

I think that as we go about adding people to the work force, the notion of turning our backs on those who have been in the work force for some long period of time, and who are laid off or terminated through no fault of their own, we don't have the dramatic thinking here of a Ford plant or GM plant closing and thousands of people out of work. We lost a steady range of factory jobs from all of our boroughs. They were lost in groups of 5, 10, and 11 employees. When you follow up the 600,000 industrial jobs lost, that is at least as dramatic as that faced by any other State. We feel those people have a claim on services. To simply say we have lost the textile industry, but we have gained in banking, makes little provision for somebody to get from textiles to banking.

Mr. HAWKINS. With respect to the question of stipend and allowances, there are three different approaches to this: One proposal prohibits it. Another proposal would, in effect, continue the current practices; and the third proposal, I think, and Mr. Jeffords can speak to us on the proposal, there is somewhat of a midway point; that is, a flexibile, graduated system.

What are your thoughts with respect to the idea of the concept of stipends and allowences? From your experiences, if they had not been allowed, would they have been successful? Would you have found enough motivated individuals who'd, let's say, be the neediest, and who could have been made available to go through the training system you operated?

Mr. SMALL. I come from a background in which I know that when business provides training for people, somebody is trained at a local business, presumably, they get their salary while they are being trained, because the business feeling is that is a business-like experience, and a business-like activity. Generally speaking, I think it is difficult to equate a need for a stipend with motivation.

If somebody has been on AFDC and they didn't get a full stipend, that doesn't mean they were more or less motivated. I think we have seen a decline under the current system of attacking some of the supplemental benefits. We have seen a decline in those who come forward for programs. We find that there are four people now who want to take training. We are moving the stipend.

Obviously, we believe in our programs—and many times we know that our programs will lead to higher income in the future. On the other hand, if a person is favored with staying on welfare, as one choice, or taking a job that is easily available, even at the minimum wage, or taking 6 months off and going and taking a training program, it may be totally economically rational for a person to make three of those choices; and I would never want to equate that with motivation. I think those are separate questions. I think there will be a decline in those that are available, except for those already on transfer payments or those who are living in some arrangement which gives them some stability. It does cost the city of New York a certain amount. Somebody is going to have to figure a way to do that without being trained,

Mr. HAWKINS. Welfare and/or unemployment insurance may be accepted as being the stipend or the allowance. Some adjustment would be made for those individuals.

Mr. SMALL. Removing the stipend, I think, will have the effect of causing programs to serve either the most disadvantaged on welfare who, therefore, don't need a stipend as you suggest, Mr. Chairman, or the least disadvantaged, who have other arrangements that allow them to survive. What will be in the middle of that is the disadvantaged poor—the people who are on welfare, but who cannot survive, and which will be put to hard choices if stipends are not allowed.

Mr. HAWKINS. May I take this opportunity to congratulate Mr. Small. He has been cited by our committee because of the staff recommendations being one of the best operated, one of the most excellent PIC's in the country. I think that we are very glad to acknowledge that today, and certainly, to urge you to continue in that very high quality of performance that you have established.

Mr. WEISS. Mr. Jeffords?

Mr. JEFFORDS. I certainly agree with the chairman's comments. Let me say some things first, and ask for your comment.

If you are given a surplus labor force, with more people available than there are jobs; and, if we define things broadly in such a way as common skills, those skills which are necessary in order to take a particular job such as basic skills, elements necessary to get the position, or to get job skills. Keeping in mind there are two goals in the legislation, to get people off public assistance and to increase national productivity, would you agree with me, under those circumstances, from a businessman's interest, that they would want to look first for a person who has the job skills for the job available. Would you agree that's the first person he would like to hire, everything else being equal?

Mr. **Small**. Yes.

The first person the business person would want to hire is the person who has proven he could do the job.

Mr. **Jeffords**. The second group is those that are in a position to receive training for the job skills and have the basic skills already.

Mr. **Small**. That is correct.

Mr. **Jeffords**. What worries me, and I guess I am concerned about, is those people that have basic skills, if we are not careful to make sure they are taken care of, that they may get left behind and always remain in the unemployed sector. Would you agree that is a risk we should be concerned with?

Mr. **Small**. I am sorry. The risk would be that people who have basic skills, but look——

Mr. **Jeffords**. There are people without basic skills, who are the risk. Since especially what I am concerned about is if we give, without some program recognition, too much authority to a council which is controlled by businessmen, that there may be less of a desire to take care of those that need the basic skills.

Would you agree the businessmen would like to say that providing people the basic skills is a government responsibility?

Mr. **Small**. Without question. What you're really talking about is education and basic skills: reading, writing, arithmetic. Those have always been viewed as primary public responsibilities.

Mr. **Jeffords**. I think you would agree with this legislation if we would be careful to make sure the government role is taken care of with respect to making sure people get basic skills.

Mr. **Small**. Clearly, there is no question that if one stratified those—let's take the rough stratification you have made—if you describe people as needing no help at all in the normal labor market, they will get hired. Other people might need skill training, minor remediation: and then there are people for whom immediate employment or training for immediate employment is not the correct answer at the present moment. The business community has less either interest or confidence, I would think, in working with that group.

The question I would raise with you is that the focus of employment legislation is that really a question where we get to the borderlines between what we are doing in education and what we are doing in employment and training and, maybe, I submit to you that there is a difference between education, which are those basic skills, and that which is necessary to be a good citizen, and training which teaches somebody how to do something that they didn't know how to do before. The only question in your analysis is as to where the business role leaves off.

I think the business role is a significant or should be a significant one as we are talking about training. I think the business role is less when training or employment isn't the real answer, but the first answer is education. I think that is very clearly a public responsibility.

Mr. **Jeffords**. Thank you.

I also think we ought to have as a goal some tie in with the local educational systems to help them become efficient and effective enough, so that the Federal role diminishes. We could then have everyone with basic skills. The Federal role at that level would only be to assist in job training and to assist people in finding jobs. Would you agree to that?

Mr. **Small**. Yes.

Mr. **Weiss**. Thank you, Mr. Jeffords.

We could have more questions, I am sure, because you have a background that becomes increasingly important in the context in which we are operating; because of our time constraints, we will submit some additional questions to you.

I have a couple of areas in which I would ask you, in preparation of your statement, to try to focus on, with whatever else you want to concentrate on.

We would like to know how, in your experience, the private industry councils have worked; what has been the input of the members of the council; how they have seen their relationship; how it has helped, hindered, and so on; what the different elements of the composition of your councils have contributed; and what would happen if we restricted it to the way business operated, or personal counseling and what educational levels were involved, if you have any information on that. Finally, has the Department of Labor or the administration at any level sought you out to get your experience or background involved in their planning in this area?

Mr. **Small**. I suppose so. I serve on the board of something called the National Alliance of Business, which has been involved in some of the planning of the administration bills. We speak fairly often, between us and the Labor Department.

Mr. **Weiss**. To the best of my observation, they have not been listening very carefully; I won't ask you to comment on that. Thank you for your testimony, Mr. Small.

Our next witness is David Livingston, United Auto Workers.

STATEMENT OF DAVID LIVINGSTON, UNITED AUTO WORKERS, ACCOMPANIED BY REGINA LITTLE AND BEULAH BURNETT

Mr. **Livingston**. I will have a written statement to submit to you gentlemen in a few days.

Mr. **Weiss**. We will keep the record open for 10 days for you to submit that.

Mr. **Livingston**. We are happy that the subcommittee is here today in New York, because we have a deep foreboding sense of trouble in New York. The report came out a couple of days ago on the level of unemployment and in the New York Times they referred to the fact that New York State was resistant to some of the trends in the country because it didn't get worse as some other places got worse. New York State has been in bad trouble for a long time.

Our trouble started earlier and has lasted longer. As a matter of fact, the reason why we don't get a disastrous decline of conditions with respect to employment is because in many industries there is just no place to go. We have hit bottom, we think, if you put together those who are listed as unemployed, those who are working part time and those who have just given up—the number is staggering.

I am not going to deal in any detail with the specific legislation which is before the subcommittee, because I gather that the committee is going to meet in Washington, I think, jointly, with a comparable committee in the Senate. Douglas Frazier, the president of the United Auto Workers, is scheduled to be here and will give the general view of the UAW with respect to the legislation.

We wanted to emphasize this morning the need for cutting through the congressional procedures that occur when you move from the beginning to the end and find some way of getting it done quickly. We are aware of a sense of anxiety among people who are presently in CETA-type programs, people who do the work, the beneficiaries, and the public at large, a deep sense of anxiety as to what is going to happen and when it is going to happen.

We are a participant in a program here in the city called the district training center, established about 12 years ago jointly between our union, district 65, and the employers with whom we deal and aided by funding from the city, State, and Federal agencies. We, therefore, have considerable experience in dealing with the problem to which the legislation you are considering addresses itself.

The nature of our union is such that we get a broader sense of what is happening than a union confined to one particular trade. Here Van Arsdale, president of the Central Trade and Labor Council, is probably the best witness you may have on this subject, from a labor point of view. In our union, we too hear a little bit about what is happening in various types of establishments. We include everything from a newspaper like the Village Voice, to a textile firm, a wholesale textile firm which employs people to carry goods on their shoulders, and office workers, and so on. We are in a lot of places where we are sensitive to what is happening to employment and to the various industries in our city. Our experience has been a challenge to some of the myths that you hear, at least, from the administration. For example, when the whole movement started to get rid of CETA-type institutions, the impression was given to the public that, well, people didn't really want to work and, somehow or another, the beneficiaries were getting something like a racket. The big spender was taking care of some people without any real valuable sociable purpose.

Our experience has been quite different than that. In the years that we have been in operation, we have placed several thousand people on jobs. Mainly, they are minorities, but not all have been minorities. Mainly they are young men and women, but not all have been young men and women.

In the last year, 1982, I drew together a few statistics that ran from June to December, 1982—6 months. We trained 321 people. They did get a stipend, by the way. We placed 225 of them, 181 are still on jobs. I mention these figures to you, because they go to two questions: Motivation, and stipend. Maybe that is the same question.

We don't feel it is necessary to motivate people. We feel that based on our experience, that people desperately want jobs. They will come. As a matter of fact our experience is that if a job is opened, even if it doesn't meet every standard you might set forth, we have far more people applying than there are jobs. People want jobs.

We think the stipend is a good idea. It is right because it says when you begin the process of moving from unemployed or jobless to a job, and a good job, in industry, you become a member of society who ought to be paid. We think the elimination of the stipend would be disastrous, because it eliminates that very thing which says to people who need help, "Well, now, if you begin the process of learning what to do, you are a valuable member of society. If you turn up every day, you should get your stipend."

Incidentally, in our program, if somebody is out for the day, they don't get the stipend. It helps to develop a sense of the discipline that goes together with the concept of being a valuable member of society and not a charity case.

Frankly, we think that eliminating these features of the proposed legislation which tend to identify the beneficiaries as charity cases, is a must.

I looked over all the legislation, not with the expertise of all the people you have heard already, but just as a union man, and I understood the reasoning which defined the beneficiaries as people who are economically disadvantaged, but I found it very troublesome, as did my colleagues.

I am accompanied today by Regina Little and Beulah Burnett. Miss Burnett heads the training center we operate. All of us feel, somehow or another, some way has to be found to get beyond the definition of economically disadvantaged, not only for the reasons Mr. Small mentioned, which have to do with the fact that a handicapped person has sort of a different kind of a disadvantage than an economically disadvantaged person, but for another reason. You, Mr. Chairman, addressed a question about whether or not we don't need to find a way to deal with a man or woman who lost a job 2, 3 months ago. Maybe they are not broke yet. Maybe they don't quite fit into the definition of economically disadvantaged, but if we don't find some way to deal with their training and their placement, we are creating a new generation of disadvantaged people in this country.

We have found some absurdities under the old rules of CETA. When a young man or woman comes into our program, they get trained. They get their stipend and then they go on the job. As you see from the figures I mentioned to you, our program, which survived all the cuts of various programs through the years, was successful and well regarded because we always had a job at the end of the training. The young man or woman who goes on the job, makes, let's say, $190 a week in a training entry job today. After being there a month or two, or three, that person says, "Well, I want to be trained further. I want to be upgraded. I realize there are better jobs here." At that point, we are not able to utilize any of the funds to continue that person's training, because he is now no longer economically disadvantaged. We think that that kind of problem, which is built into the CETA system, or the present CETA system, ought to be modified, so that a way can be found to say to the people that we are bringing into these programs:

> Look, you are at the beginning; you are at the start; you are at step No. one, but you are going to end up, we hope, in a job which will really be meaningful, valuable, and you will be a highly respected person.

Whatever regulations we have which are rigid and tend to interfere with that concept, we think overcomes, gets away from what should be the main purpose of education and training.

I want only to mention one more thing, and that is that this is the year of Roosevelt's anniversary, and I am old enough to have rebelled against the idea that WPA and PBA was some kind of boondoggle. Those programs resulted in constructing something valuable. It is still valuable. You can still see them—if you go by the buildings—you can see that was the right thing to do then and it still is. Today we need to find a way to build houses and homes and hospitals and train people to do these things, and that it is somehow what we feel ought to get into this program that you gentlemen have been presenting to the Congress. We hope that you can dream up a way of getting a sense of emergency.

If you wait and read the headlines, we are told the administration is considering, they don't know what they will delay ultimately, whether they will pass the budget now or they won't—if you can't get a message out in this city that you are going to quickly do something about the terrible problems we face, we are in for great trouble.

Let me conclude with this one sentence: If you all had time, which I know you do not, it would be a good idea to take a walk through the garment center around 37th or 38th Street, 7th or 8th Avenue—and you will see the result of creating a sense that there is no place for young people to go. You know the figures of unemployment among the youth, 20 odd percent; among blacks or minorities, 39 percent; these people are being told there is no place to go, and what is happening is that some sections of our city are not only a nighttime jungle but a daytime jungle—you can't even walk around in the park. A distinguished former police official has been hired in the garment center because what happens now is that members of our union are grabbed three or four times a day, "Turn it over and stop, or else you won't survive." Even the employers say to our members "Go ahead and do it, steal it, rob it." It has become part of the economy of New York, and that comes because we are giving a message to people:

> There is no place for you, none for you. You want to live, hustle; you want to live, steal; and do what you have to do to make hustling and stealing a reality and a successful career.

Our appeal to you is, and I know that everybody here feels that way, we are really appealing to people who feel as keenly as we do. If you can find a way to get this piece of legislation—it is not critical whose it is—if you can get something done, get it done in a hurry and you will be doing a great service to the people of this great city.

Thank you very much.

Mr. **Weiss**. Thank you very much for very eloquent testimony.

I would like you to answer some questions on the district training center. How long has that been in existence?

Mr. **Livingston**. Twelve years.

Mr. **Weiss**. Where do you draw people? What is the training period?

Mr. **Livingston**. We draw people principally from the Human Rights Administration. They now have a fancy name in New York State. I won't try to remember it. It is the same source. It is basically young people who are part of families that are in trouble.

Some of the people we draw are ex-offenders, ex-addicts. From the very beginning, 12 years ago, we felt that somebody who got into trouble and was an offender, but an ex-offender, had done his time, or someone who is an ex-addict, we had an obligation to find a place for him. We did then, and we are still doing it now. We have a significant number of ex-offenders and ex-addicts in the figures that I gave you. Some of the people are sons and daughters of the membership here who go into our type of work and our type of training.

What was your second question?

Mr. **Weiss**. How long is the training?

Mr. **Livingston**. The training varies. Part of the training is short, 6, 8 weeks for elementary entry jobs, but some go as much as 48 weeks for people who take a combination of learning English—usually people to whom English is a second language. They have to learn English and then they have to learn part of the clerical functions. A good proportion of our jobs are clerical office jobs.

Mr. **Weiss**. You had indicated the strength of the program had been that people knew there was a job at the end of the line. I gather with this economy, that has begun to change the statistics you gave as to the June through December figures. There are a certain percentage of them that have not been placed. Is that a function of the economy or a change in the program itself?

Mr. **Livingston**. I think that we could place most people that we trained. You are dealing with, let's say, approximately 500 a year. Some of them are not going to pick up as well as some others. It is going to be harder to place some people than others. On the whole, people who stay in our program, and our dropout rate is small, and who come in regularly, they have to be there 30 hours in the week, are going to be placed. Our placement record is good and we expect it to continue to be good.

Let me make this point to you, Congressman, New York State is changing. This is a city that was the distributive center of the world. It is now even more a trade center, and its manufacturing jobs have declined in this area, as you know. The distributive jobs, clerical jobs, and retail jobs are goinq to be quite present here for the foreseeable future. We don't think that there will be any shortage of jobs; if we can get a sufficient appropriation to train two and three times as many people as we train now, we could place them.

Mr. **Weiss**. What is the level of the stipend that your trainees receive?

Mr. **Livingston**. We follow the CETA regulations, which, I think, is $3.35 an hour; is that right?

Ms. **Little**. Yes.

Mr. **Weiss**. Thank you very much.

Mr. **Hawkins**. May I just comment on what Mr. Livingston has said.

I read in the New York Times, I think it was the Saturday edition, of the statement that New York City had experienced somewhat of a decline in the unemployment rates last month and this was a resistance to the recession. I think the statement that you made—well, it was rather strange for me to read that. I wondered why the devil we were having this meeting in New York. It should be in some other place.

Mayor Koch this morning had some statistics in view of that, also. I am also glad I have a comment from you. It is also misleading. I think, it is typical of the type of reasoning going on throughout the country, in higher places, even in Washington, D.C. A tendency to just ignore the problems, to wipe them out with the use of misleading statistics. I suppose all of us are gullible to look at the official statistics, except to look at them from the viewpoint of trend. In addition to those, as you indicated, in addition to those who would be counted discouraged, we also have, this last month, I think, support for the idea that every phase of unemployment has actually severely increased in intensity in the last few months; that is the duration of employment has also lessened.

The pay has gone down; we have figures on that. A tremendous number of part-time employees, the largest I think since the recession, as well as that they don't give us figures that discourage at all. They can't ascertain them.

You referred to another class which I have also cited in my theory of statistics. That is those engaged in illicit activities, who are counted as being employed, the hustlers as you said; those who do a little stealing and so forth, and who possibly do a little more damage to society than even that. I would certainly think that could range anywhere from 3 to 5 million persons nationwide, who are being forced into that type of mode that we see emanating at this time. I think that it is only when they come out to these hearings and have witnesses such as you that report these figures, that we really get a true situation. I think it is most unfortunate that decisions are now being made in the ivory tower. They are individuals just ignoring this problem you speak of. I think this is wonderful, to have you here.

Mr. LIVINGSTON. I am familiar with the Humphrey-Hawkins bill. You know how much you have done for the country by your advancement of this bill. It always seemed to me the biggest thing you did was to try to get the Government officials to stop talking percentages and start talking about human beings. That really is the heart of the question.

When the Times said it went down from 9.8 to 9.7, so what? You are dealing with human beings. The Government officials do not know that and you do, and that's one of the reasons I was very happy to be here.

Mr. HAWKINS. I think a lot of us do, but you can't convince certain people of that.

Mr. WEISS. Mr. Jeffords, I won't do anything except to agree with your final comments and the chairman's. I think you have given us an important warning and some interesting perceptions about this area. You have been very helpful.

We look forward to receiving your prepared written statement.

Our next witnesses will be a panel, and I will ask all the members of the panel to come up to the front row and we will call you individually, to take the podium.

Mr. Horace W. Morris, executive director, New York Urban League; Charles Wang, managing director of Chinatown Planning Council; and Richard Cherry, senior vice president of the New York Urban Coalition.

We will take you in the order in which I have read your names.

STATEMENT OF HORACE W. MORRIS, EXECUTIVE DIRECTOR, NEW YORK URBAN LEAGUE

Mr. MORRIS. I am Horace W. Morris, executive director of the New York Urban League, the largest of the 118 affiliates of the National Urban League. Over the past 62 years we have provided direct services and advocacy for equal opportunity for black and minority citizens of New York City, in the areas of employment, housing, education and health and social welfare.

We are pleased to offer these comments on the pending employment legislation: The state of Black America, 1982, revealed that in late 1982, there were 107 million persons in the American labor force, of whom 98 million were employed and 9 million were unemployed. Almost 13 million black persons were in the labor force, and of that number, 11 million were employed and 2 million were unemployed. Thus, black workers comprised 12.1 percent of the civilian labor force, 11.2 percent of those employed, but 22.3 percent of the unemployed.

The black pulse survey, conducted by the National Urban League in 1980 indicated that of 3,000 black households throughout the Nation, it was documented that 39 percent of black New Yorkers responding indicated unemployment as the most important problem facing blacks at that time. This parallels the concern shown nationally by black heads of households, 34 percent of whom saw joblessness as the primary concern facing blacks. As a result, this severe problem of unemployment among blacks and minority citizens of this city, is the basis of our deep concern regarding the pending employment legislation.

First, our thoughts concerning the allocation of funds to an employment program, are very much in line with the Hawkins bill of $5 billion. As the stated statistics indicate, minority unemployment in this city is at epidemic proportions; therefore, $5 billion is a more realistic dollar figure to address this social problem than the lesser dollar amounts suggested in the other proposals.

Second, the administration of this employment program should be operated, in part, by the city of New York. This contention is in accord with the Hawkins bill, which would align PIC and the prime sponsors in joint planning of the program. The people of this city identify the city as a viable vehicle for entrance into the employment system. Hence, the city should remain an essential element in the administration of the employment program.

Third, we agree with both the Quayle and the Hawkins bills in the contention that a 50-percent minimum allotment be spent on youth under 22 years of age. Again, quoting from the state of Black America, 1982:

The black teenage unemployment rate has remained above 30 percent for each of the last 10 years, but turned even higher during the summer of 1981, when it reached 45 percent.

Therefore, we feel it is imperative to target a certain percentage of the funding to this critical segment of our population.

Finally, it is our hope that the ideas and the concerns we have expressed today will be well heeded and taken into consideration when consummating the final enactment of the proposed employment legislation.

We, of the New York Urban League, are here today because of our commitment to our constituencies, blacks and the poor, and the improvement of the quality of life in New York City.

I thank you, Congressman Weiss, for the opportunity to present these comments to you, and Chairman Hawkins.

Mr. **Weiss**. Thank you very much, Mr. Morris.

We will hear from all of the panelists first, and if there are any questions, we will ask them at that time.

STATEMENT OF CHARLES WANG, MANAGING DIRECTOR, CHINATOWN PLANNING COUNCIL

Mr. **Wang**. Mr. Chairman, Congressman Weiss, ladies and gentlemen, my name is Charles Pei Wang, managing director of the Chinatown Planning Council. May I first express my deepest gratitude to the Subcommitee on Employment Opportunities for allowing me to testify at this hearing. It is particularly gratifying to know that before a major decision is made affecting thousands of low-income people, groups such as the Cinatown Planning Council, from various segments of our society have been invited to voice our feelings and share our view, and bring forward our recommendation.

To the Chinese Americans, or Asian Americans in general, the latest but fastest growing addition to the American scene, employment and training programs constitute one of the most important and exceedingly popular services provided by the Federal Government.

It is important because new immigrants have had difficulty in finding decent jobs due to lack of American experience, and their skills acquired in the native birthplace do not match the requirements of, nor are recognized by most of the employers in our country. Through an average of 6 months training in our CETA programs in a chosen field almost all of these foreign born, limited English speaking newcomers, are able to obtain unsubsidized employment in New York City.

It is popular, because, through employment training programs, the individual has a chance to make his or her own decision and reach the ultimate goal of getting a job by completing the course. This self-fulfilling accomplishment upholds one's dignity and self-esteem to the extent that he or she is a contributing member of our society. In essence, with a limited amount of support, counseling, and skill training, the so-called investment in human resources, we have increased the local labor force that could be utilized to increase our productivity which is considered as one of the major factors of our economic recovery. In other words, if the objective of this administration is to reduce the individual's dependency on the

Government's entitlements and consequently decrease the expenditure in these areas, manpower training programs should be considered the best vehicle that will generate lasting, long-term results.

Given the choice between welfare and employment training, I firmly believe the majority of the people, except those who are truly handicapped due to physical, mental, or child care needs, would prefer employment training over welfare. This has been proven again and again in our 7 years' experience with CETA.

The Chinatown Planning Council, a nonprofit, multisocial services, educational and training agency, founded in 1965, provides a host of classroom training programs for youth and adults under contracts with New York City Department of Employment. Areas of training cover clerical careers, food service careers, pattern making and design, hotel service careers, and direct job placement services. Over 800 people, the majority of them Asian Americans, enroll each year and enter into the labor force. Our positive termination rate is one of the highest in the city. Our curriculum design has served as model for many other programs. From this vantage point, may I make the following recommendations:

The present structure of CETA, except for the public service employment component, should be reauthorized and extended at the funding level of $5 billion for a period of 10 years. At least $3 billion should be designated for employment and training services annually.

It is wasteful and unnecessary to change merely for the sake of change or merely to acquire a new and fancy title that would glorify any particular individual or administration. As I have pointed out earlier, in our case, CETA has helped our particular group and any cutback will be counterproductive and certainly not in the best interests of the people it intends to serve.

However, if change has to be made, the current prime sponsor/PIC structure should be maintained and a single advisory council with substantial input from both business and community-based organizations should also be considered so as to preserve a good check and balance.

Again, if PIC is the designee to be responsible for planning, coordination, and overseeing the implementation of all training programs, substantial input from the community-based organizations becomes imperative so as to insure the maximum feasible participation of all those who are eligible and in need and who could benefit from the training program.

Stipends and allowances should be paid to participants to cover basic maintenance and serve as an incentive for the trainee to devote full time to the program.

In closing, CETA, in comparison to MDTA, in the sixties, is a much more successful piece of Federal legislation that has helped millions in the seventies. As we are just about to benefit from our experiences, weeding out shortcomings and beginning to get a handle on effective functioning, thus bring about maximum results for the well-being of our trainees and our country, we are asked to examine a new structure, inventing new wheels and starting the process all over again. By the time we became expert in mastering the new legislation and meeting the requirement of this administration, millions of dollars may have gone down the drain. I do not mean that CETA is perfect and, on the contrary, there is always room to make improvement. Nevertheless, it is the responsibility of government to see that every able, willing individual be given the opportunity to earn a living in his or her own right. In this way, we will ride out injustice in our land if we have full employment. Any system or scheme based on certain percentages of people unemployed is not only inhuman but doomed to failure. I have faith in our system. I am convinced that the current Congress will stand up to face this challenge.

Thank you very much for your attention.

Mr. **Weiss.** Thank you very much for your remarks.

Next we will hear from you, Mr. Cherry. I notice you have an extensive statement. Your entire statement will be included in the record. You may proceed with your summarization, if you will.

STATEMENT OF RICHARD CHERRY, SENIOR VICE PRESIDENT, NEIGHBORHOOD AND EMPLOYMENT DEVELOPMENT, NEW YORK URBAN COALITION

Mr. **Cherry.** The best way to proceed is to have the three gentlemen here to be designated as a committee, to write out our employment policy, and I would feel comfortable with that.

My name is Richard Cherry, senior vice president for neighborhood and employment development at the New York Urban Coalition. We have been in the employment business and training program for 5 years, and we worked with labor and the private sector.

Most recently, I guess, now about a year ago, I appeared before this committee as the cochairman of the National Alliance of Community Based Organizations. At that time the reverend from Ohio fainted. I hope to have nothing that dramatic today.

Recently, we have conducted a survey, with Yale University's program on not-for-profit organizations, and the committee's position paper. What we develop from this survey, will be in your hands in the next few weeks.

Today, I am going to address three questions: What kind of programs are needed to service the unemployed? Why should not-for-profit and CBO's be involved in providing these services? What is the most appropriate role for the Federal Government?

As I answer these questions, you will note emerging themes which clearly underscore my bias on behalf of community-based organizations. The themes emphasize the legitimacy of the community-based sector in providing employment services and opportunities for the private sector. The themes further underscore that the private sector cannot address the crisis of unemployment alone; without effective partnerships and collaborations, we will only meet with failure. To try otherwise will only meet with failure.

Has anyone ever said to you after your first term in the Congress, "You'd better get a job in the private sector?" Why then do we continue to dignify the premise that the only thing of value in an employment and training program is a job in the private sector?

Let us once and for all recognize the special contributions of nonprofits and community organizations. They are the private sector of human service delivery, and except for the absence of a profit motive, they are as professional and capable in all respects as profitmaking companies. That CBO's are highly successful is evident in the remark of one of the more sophisticated community organizations in our survey, "Stories are many, but consider that our entire organization is now managed by former trainees." The nonprofit sector is a substantial sector of our economy. It has employed more than 5.6 million people. That is more than both the construction and automobile industries. Their assets exceeded $200 billion in 1975, and they owned $43.3 billion in corporate stock and bonds.

Let us programmatically and positively support this vital sector of our economy with at least half as much support as we give the business community. Let's stop suggesting that there is something wrong in working for the public sector or being trained for public-sector work.

The first question is, what kind of services are needed to service the unemployed? In my full testimony, I set out a full chart, a continuum of the services. I will not go through that chart for you, but it is clear, through our experience under CETA and previous programs, we now know probably how to do every job that needs to be done in training, preemployment training, and recruitment. What we really need is an employment policy that requires that the services are put together in a continuum that meets the needs of the specific individuals that are being trained.

We need a program that is comprehensive and yet flexible. For a moment, I would just dwell on, and point out one aspect of the continuum; that is something called preskills training. I think it is the most crucial level, but it also has been the one most neglected in the past. More than 50 percent of those unemployed New Yorkers registered at TAP centers that Mr. Small described, are underprepared for training and lack the basic reading and math proficiency. More importantly, as we heard from the previous speaker, they are lacking a sense of hope, a sense of motivation. A carefully planned preemployment training program provides these things as well as particular skills, resume writing and interviewing techniques. It is a critical part of any program and for legislation that will ignore it, you will have the problem, I think, Mr. Jeffords pointed out, which is that the private sector will take only those that are in the category of ready for training, those who already have the basic skills and basic motivations.

What I am recommending is a system allowing for design around people's needs, rather than around program categories.

That leads me to the second question: Why should nonprofits be involved in providing employment training services? What role should they play? The answer is plain and simple: They have been doing it for years, and it has been done well and cost effectively. They have been reaching a population of single parents, widows, welfare recipients, ex-offenders, the handicapped, and others who never had a shot at a decent job, which will be bypassed by the private sector if we leave it only in their hands.

As I mentioned earlier, the coalition recently completed an in-depth survey of 75 community-based organizations nationally. We looked primarily at neighborhood programs, not at large citywide organizations, who served clients from their immediate community. We are in the process of analysing this data and plan to submit a position paper discussing our findings to this committee in several weeks.

Just quickly, to pull one or two items from that, 60 percent of them have been in existence for over 10 years. This is not a community here one day and gone another day. When we ask what services they provide, they are, primarily 75 percent of them, providing the recruitment, counseling, and placement services I mentioned earlier as being so critical.

Hundreds of CBO's, and I am sure the young man here have hired half of those thousands, in 1980 they moved more than 172,000 hard-to-employ people from CETA PSE programs alone to nonsubsidized jobs. Participants, one-third of whom had received public assistance, began to pay taxes within the 10- to 20-percent bracket, and to use their paychecks in local stores and for the necessities of life. Then, there is the youth trainee who secured a loan and bought the business where he was trained. CBO's have a proven track record in running all types of programs, of reaching out to populations which will not otherwise be served.

As we indicated, CBO's are doing precisely the things they should be doing, important services not offered by the private sector. I differ with Mr. Ted Small in saying the private sector is not interested and it should not be their role to be concerned about the preskills training and the counseling. It has to be part of the full program. We have talked and are working presently with representatives in 12 major corporate employers in New York, who are interested in seeing if there is some way they can participate in this.

Second, the CBO's are better equipped to provide the skills, motivation, and training. The private sector we are looking to work with is the sector to give them money so the CBO's can do the job.

The CBO's can serve as a major job developer for neighborhood work, local businesses, for community service work, and for government work. Again, the subsector is not such a bad place to work sometimes; it is a vital part of our economy and we need places for training people in those areas. Small businesses throughout our cities cannot run large training programs. Here CBO's can work hand in hand with local neighborhood businesses.

I would like to dwell for a moment on how these services should be managed and basically what the most effective role for the Federal Government is. First, we need more legislation which preserves participation of the CBO's as a matter of policy. In this respect, I would ask all pending legislation be strengthened. It should be mandated.

Second, the Federal legislation should encourage the model of corporate decentralization which sets broad policies and goals at the top and permits planning and setting of measurable objectives to occur from the bottom, filtering up for approval and monitoring.

Just take a look at Mobil or Exxon, or IBM, or any major bank. They all use a decentralized, results-oriented management system allowing managers to create their own measurable objectives in terms of the broad goals set from the top. Managers are given autonomy and total responsibility for managing their own work world. This approach leads to higher productivity among staff and a greater impetus to achieve objectives.

The issue of what kind of activity should receive and administer funds, a private sponsor, State or local government, becomes secondary to the issue of local autonomy.

Whatever the mechanism for delivery of funds should encourage a selection of program operators who will be given the freedom to design programs which work best for their community and for the population they serve. Providers should not be handed a mass of guidelines, rules, or regulations to be followed to the letter. Rather, they should be asked to write objectives for their operations which can be measured against broad Federal policy.

In my full testimony, I have laid out a list of five suggestions for what that broad Federal policy should be. Basically, it is a review of what I have been through, so I won't dwell on it. Let the program operators, the community-based organizations working in conjunction with the private sector, in partnerships with the private sector, design the guidelines, set the objectives, and let them live with the objectives they set. The workers out in the communities of this country know this kind of system can be done. We know that the disadvantaged can be effectively trained and permanently employed. We know how to take scarce dollars and multiply them many times over.

Dollars can disappear. People do not go away. They shall haye to eat. They still have to have a roof over their heads. Their children have to have shoes to go to school, and they still need a doctor when they get sick. Government will pay the cost of unemployment one way or another. In the long run, the cost will be far higher if people can't find work; it's not merely the cost of public assistance, but also the human cost to society in crime, in substance abuse, in mental disorders and more. As expressed so well by Professor Holbrunner in the latest issue of a magazine the colleges put out called Neighborhood,

> The one thing that seems to have an eventual effect on productivity is education. The payoff is slow; it takes a while; it may be 5 or 10 years, but it will show up.

Without 10,000 kids, four first-rate engineers may not be developed. They may make a lot of difference, these four guys. Why? Why not invest in the future of this city by using whatever developments we have in partnerships among government, neighborhood-based organizations, and the private sector. Together we can develop an effective continuum of employment services that build human resources instead of more jails.

Mr. WEISS. Thank you very much. I want to thank all the panelists for their good, solid, fact-filled, analytical testimony. We will, I am sure, be referring to their testimony as we proceed with further hearings and, hopefully we will markup the legislation soon.

I have no questions at this time.

Mr. Hawkins?

Mr. HAWKINS. I too would like to commend all these witnesses for very clear-cut, well articulated statements. May I just simply address one or two questions to Mr. Cherry.

Mr. Cherry, the coalition represents what type of CBO's? Is it those that are organized from a purely local basis, with neighborhood orientation, or do you have any statewide groups as well?

Mr. **Cherry**. The New York Urban Coalition primarily provides assistance and work with what you would call neighborhood groups that are working with their localities in New York neighborhoods. We also work with, in various coalitions, citywide agencies and some statewide agencies. A survey we just completed and are now having a position paper written on, we surveyed neighborhood type groups rather than citywide type groups, to see what roles they can play in the employment picture.

Mr. **Hawkins**. Would you be strengthened by having the administrative control program at the State level as opposed to the local level?

Mr. **Cherry**. I don't think we would necessarily be strengthened. You know, in many ways, the question—as I first indicated—where the first stop is after the Federal dollars leave Washington is obviously a matter of great political concern, but for the neighborhood group, the real question is whether that group is given the freedom to design and operate a program that works in the neighborhood. Where it stops will depend more on the politics of what is there than whether or not the program can be run effectively.

Mr. **Hawkins**. You mentioned that all the proposals might well be improved by or strengthened in terms of involving the CBO's. Do you have any specific recommendations as to how this could be done?

Mr. **Cherry**. I would be pleased to specify some suggested language, if you would like. I am interested in seeing a piece of legislation that requires—and your bill does have a reference to this—wherever possible, that service deliverers work with community-based organizations. Your bill must be commended for being the only one that seems to give an indication that community-based organizations are around.

As you heard from the previous speakers, and you will continue to hear today, the community-based sector has developed more jobs in the private industry. What has to be done is a system that doesn't let the Governor or even the mayor, but primarily the private sector ignore the existence of this network of trained, experienced local groups. It has to mandate it and mandate that a program be designed with and in conjunction with the local neighborhood group most familiar with the people that are unemployed.

Mr. **Hawkins**. I would certainly be open to suggestions as to how to do it and how to strengthen it. However, the thrust of the legislation, as you well recognize, is to provide flexibility at the local level, to recognize local autonomy and how we could do this and, at the same time, recognize the concept or recognize the fact that community-based organizations have good experiences and they do have a good record. We would like to recognize that's where the conflict develops. If you have any specific language to consider, we certainly would give consideration to it.

Mr. **Cherry**. I would be pleased to prepare it

Mr. **Weiss**. Thank you all very much, all of you who testified.

[The prepared statement of Richard Cherry follows:]

PREPARED STATEMENT OF RICHARD M. CHERRY, SENIOR VICE PRESIDENT, NEW YORK URBAN COALITION

My name is Richard Cherry, Senior Vice President for Neighborhood and Employment Development at the New York Urban Coalition. My remarks today reflect expertise gleaned from the Coalition's five year involvement with CETA programs - two years with Title I in which we placed participants into on-the-job training programs in the private sector. And three years as the largest umbrella organization for CETA Title VI Public Service Employment in the City of New York. Until September, 1981, we subcontracted with more than a dozen community-based organizations running management and maintenance, sweat equity housing, energy conservation, security, arts, educational support and other projects in disadvantaged neighborhoods throughout New York. Our CETA experience has proved that with thoughtful administration and attention to individual need, public service employment can be a positive and anti-inflationary means of addressing the unemployment crisis in this country.

My comments further reflect the Coalition's long term collaboration and partnership with business, labor, community and government. I have helped to organize and have served as Chairman of both the National Alliance of Community-Based Organizations, NACBO, and the CETA VI Not-for-Profit Project Sponsors, organizations which were advocates for an equitable and workable employment policy on the local and national level. Most recently, the Coalition, in conjuction with Yale University and the Taconic Foundation completed a national survey of community organizations, the results of which I will discuss later in my testimony.

Today, I will address three basic questions which I believe are at the heart of creating employment programs capable of reaching the disadvantaged and hard-core unemployed:

1. What kind of programs are needed to service the unemployed?
2. Why should non-profits and CBO's be involved in providing these services?
3. What is the most appropriate role for the federal government?

As I answer these questions, you will note emerging themes which clearly underscore my bias on behalf of community-based organizations. The themes emphasize the legitimacy of the community-based sector in providing employment services and opportunities for the private sector. The themes further underscore that the private sector cannot address the crisis of unemployment alone-without effective partnerships and collaborations, we will only meet with failure.

Has anyone ever said to you after your first term in Congress - "You'd better get a job in the private sector?"

Why then do we continue to dignify the premise that the only thing of value in an employment and training program is a job in the private sector?

Let us once and for all recognize the special contributions of non-profits and community organizations. They are the private sector of human service delivery and except for the absence of a profit motive, they are as professional and capable in all respects as profit-making companies. That CBO's are highly successful is evident in the remark of one of the more sophisticated community organizations in our survey. "Stories are many, but consider that our entire organization is now managed by former trainees."

Yet, the message implicit in the constant touting of the $2.3 billion in annual corporate contributions is that we always have our hands out and give nothing back. I would like to dispel that myth by citing a recent Yale University study which indicated that non-profits have been good customers for business, spending a total of $120 billion per year in the American economy. The survey findings provide a solid dollars-and-cents justification for business and government to support not-profits apart from charitable considerations. To summarize briefly, the non-profit sector is a substantial sector of our economy, employing more than 5.6 million people. (more than both the construction and automobile industries). Their assets exceeded $200 billion in 1975, and they owned $43.3 billion in corporate stocks and bonds.

So let us begin to put the myths to rest. Let us programmatically and positively acknowledge the critical role of neighborhood organizations in building communities and people throughout the country. Let government support this vital sector of our economy with at least half as much support as it gives the business community. And let's stop suggesting that there is something wrong in working for the public sector or being trained for public sector work.

Now let's get to my first question -

What kind of services are/needed to service the unemployed?

We know enough today from CETA and the variety of employment programs pioneered in the last decade to meet the individual needs of our country's unemployed. What we need is an employment policy dedicated to placing these services into a continuum which sees a person through until he or she is gainfully employed and which links each level of service into a comprehensive program designed to meet individual needs.

EMPLOYMENT AND TRAINING CONTINUUM

	Recruitment	Pre-Skills Trng.	Skills Trng.	Wk. Exp.	OJT	
unemployed	Outreach Identify target Population Testing Employability Profile	Motivational Remediation World of Work Job Search & Interview Techniques Counseling	Secretarial Data Processing Factory Work Etc.	Sheltered Workshops PSE	Transition to Permanent Jobs	employed
	CBO's	CBO's	Private Sector-Traditional Skills CBO's-for Human Services	CBO's	Private Sector CBO's for Neighborhood Level Jobs	

Briefly, the continuum would provide the following:

The Recruitment Process would identify the target population; provide specialized testing to determine educational levels and vocational aptitude; and initiate individual employabiltiy profiles and plans.

Next, would come Pre-Skills Training, perhaps the most crucial level, but also the most neglected. More than 50% of those unemployed New Yorkers registered at TAP Centers are unprepared for training. They lack basic reading and math proficiency; they have little motivation and even less idea of what holding a job is all about; and most importantly, they lack self-esteem and the belief they can succeed. A carefully planned pre-employment program provides motivational training, teaches decision-making and problem-solving skills, resume writing and interviewing techniques, offers remediation, world of work seminars and job counseling. This is the part of the continuum too often forgotten.

Next on the continuum would be direct skills training in such areas as secretarial work, data processing, factory skills, etc. Presently, private industry councils fund such training; there are numerous private schools for this training; and many companies and unions do this type of training. Skills training, to be most effective, should be linked with labor market forecasting so that the unemployed are trained in jobs for which there is a demand.

The next step for some may be supervised work experience, precisely the kind of experience provided by CETA public service employment, sheltered workshops and the like. It affords an individual the opportunity to sharpen newly acquired job skills in an environment supported by counseling and close supervision.

And finally we come to the actual job - first through a variety of on-the-job training programs designed to transition the individual to the real world of work. With an OJT placement should come the guarantee of permanent employment, based on performance levels.

Nothing I have described so far is new or startling. Successful models for each of these levels are working all over the country. What is new would be a policy which mandates the linkages necessary to fully serve each individual's need, a policy designed with flexibility and with a regimen to provide complete treatment. Our statistics indicate that the majority of unemployed people will probably require the entire spectrum of services, and the flexibility to move at their own pace from one level to the next. But for others, who may require only some services along the continuum, the system should be designed to accommodate their needs. What I am recommending is a system which treats people as people, not as machines to be programmed into uniformity.

What I am recommending is a system allowing design around people's needs rather than around program categories. This leads me right into my second question - Why should non-profits and CBO's be involved in providing employment and training services? And secondarily, what role should they play?

The answer plain and simple is - they have been doing it for years; they have been doing it well; they have been doing it cost effectively; and they have been reaching a population - single parents, widows, welfare recipients, ex-offenders the handicapped and others who never had a shot at a decent job--which has been by-passed by the private sector.

As I mentioned earlier, the Coalition recently completed an in-depth survey of some 75 community-based organizations nationally. We looked primarily at neighborhood programs (not at large city-wide organizations) who served clients from their immediate community. We are in the process of analyzing this data and plan to submit a position paper discussing our findings to this committee in several weeks.

However, I can share some of our preliminary findings with you today.

- 59% of the organizations surveyed have been in existence for 10 years or more (9% over 50 years) indicating both stability and expertise in the employment area prior to the influx of CETA dollars);
- The populations served are largely ethnic minorities and women, low income, ranging in age from youth to senior citizens;
- When asked what employment and training services were offered:
  - between 50 and 75% of the responding organizations provide recruitment, counseling, job development and placement services;
  - 40% offer educational and vocational testing;
  - 15%, classroom training;
  - 8%, work experience, and 8%, on-the-job training.

Programs throughout the country are reporting remarkable results:

- A youth training program in Michigan provided pre-employment training to 491 clients and placed 242 unsubsidized jobs during FY 80-81.
- A program in Maine trained workers in the construction trades including carpentry, painting and the operation of heavy duty equipment. While the project placed 70% of its participants in jobs or training programs, it provided a community service by renovating senior citizen homes.
- A Kentucky creative employment project has placed 600+ economically disadvantaged women in well-paying, non-traditional jobs within a six year period. The construction training program for women had a 100% placement rate last year.
- A program for mentally retarded and developmentally disabled individuals in NYC provided transitional employment for 339 youth and adults and placed 222 or 62% in unsubsidized jobs. The retention rate has been 70%.

These are only the numbers. Let's talk for a moment about the people.

One NYC youth project described a young man with a drinking problem who was failing in school. While receiving counseling and remediation, he was placed in the mailroom of a large Wall Street firm. Two years later, he had licked his drinking problem, received his diploma and been promoted to a computer training program in the same company.

A 41 year old Hispanic woman had not worked in 18 years. She was trained as a security officer, and easily went from a job with a security agency in Brooklyn to a supervisory security position at Con Edison.

An abandoned mother of 2 children, a low income high school drop out received her GED with scores high enough for college entrance. Today she is working as an office administrator and sales representative with an insurance company in Wisconsin.

Hundreds of CBO's have thousands of similar stories to tell. In 1980, they moved more than 172,000 hard-to-employ people from CETA PSE programs alone to non-subsidized jobs. Participants, 1/3 of whom had received public assistance, began to pay taxes (within the 10 to 20% bracket) and to use their pay checks in local stores and for the necessities of life. CBO's have a proven track record in running all types of programs on the continuum of employment services and in representing populations who cannot automatically venture into the employment arena.

How then can they best be utilized?

As our survey statistics show, CBO's are doing precisely the things that should be doing - the things they do best; and the things not offered by the private sector.

HOW CAN CBO'S BE USED MOST EFFECTIVELY?

Recruitment

- Identify target populations
- Articulate training needs

Pre-Skills Training

- Motivational training/self-esteem
- Job search and interview skills
- The world of work - what is expected
- Remediation
- Counseling

Work Experience

- Public Service Employment
- Sheltered workshops

Skills Training

- For the human services delivery
- Sector

OJT

- At the neighborhood level for entry level employment in low skill, low-pay jobs

First, CBO's should be involved in recr[illegible] because they are in the best position to identify target populations and to articulate the training needs of the unemployed.

Second, they are better equipped (and more interested than the private sector) to provide pre-skills, motivational training and counseling.

Third, they should oversee structured work experience through such programs as PSE and sheltered workshops. And while the private sector should continue to offer skills training and OJT, CBO's should function as the skills trainers for the human services delivery sector, should provide OJT at the neighborhood level and should be the primary vehicle for entry level employment in low-skills low-pay jobs.

Finally, CBO's should serve as major job developers in neighborhoods for local business, for community service work and for government.

CBO's and the private sector should continue to do what each does best within a framework of partnership and collaboration, recognizing that one sector will not work well without the other. They must co-exist as valued actors in the delivery of cost effective and successful employment services.

Finally, how should these services be managed? More specifically what would be the most productive role for the federal government? And what kind of legislation do we need?

First and foremost, we need legislation which preserves the participation of CBO's as a matter of policy. Community-based involvement within the continuum of employment and training services should not be left solely to the discretion of state and local government.

Second, the federal legislation should encourage the public/private partnerships which have become a slogan of the Federal Administration. We should replicate the model of corporate decentralization which sets broad policies and goals at the top and permits planning and the setting of measurable objectives to occur from the bottom, filtering up for approval and monitoring.

Just take a look at Mobil and Exxon, or IBM or any major bank. They all use a decentralized, results-oriented management system allowing managers to create their own measurable objectives in terms of the broad goals set from the top. Managers are given autonomy and total responsibility for managing their own work world. This approach leads to higher productivity among staff and a greater impetus to achieve objectives.

In a decentralized management model, the issue of what kind of entity should receive and administer funds - whether it be prime sponsor, state or local government - becomes secondary to the issue of local autonomy. Whatever the mechanism for the delivery of funds, it should encourage the selection of program operators who will be given the freedom to design programs which work best for their communtiy and for the population they serve. Providers should not be handed a mass of guidelines, rules or regulations to be followed to the letter. Rather they should be asked to write objectives for their operations which can be measured against broad federal policy.

For example, the following might be the federal policy guidelines:

1. services must be targeted to the most disadvantaged populations within a community.
2. individuals must be measurably more employable as a result of services provided.
3. partnerships among government, CBO's and the private sector should be the vehicle for planning and implementing an integrated continuum of employment services.
4. program should be designed closest to need, local providers should define their target population and develop objectives which can be evaluated against federal policy guidelines.
5. local providers must keep within defined cost parameters and be cost accountable.
6. locally-set objectives will be monitored by a minimal federal bureaucracy, performing a post audit function using spot checks similar to the IRS.

Against these broad guidelines, let local program operators design the specifics.

We out in the communities of this country know this can be done. We know that the disadvantaged can be effectively trained and permanently employed. We know how to take scarce dollars and multiply them many times over.

Dollars can disappear, but people do not go away. They still have to eat; they still have to have a roof over their heads; their children have to have shoes to go to school; they still need a doctor when they are sick.

Government will pay the cost of unemployment one way or another. Fut in the long run, the cost will be far higher if people cannot find work - not merely the cost of public assistance but also the human costs to society in crime, in substance abuse, in mental disorders and more. Why not invest in the future of this country by using whatever dollars we have in partnerships among government, neighborhood-based organizations and the private sector. Together we can develop an effective continuum of employment services that builds human resources instead of more jails.

Mr. WEISS. The next panel will consist of Mr. Tom Farrell, director of the youth programs, Community Council of Greater New York; and with him will be Ms. Gloria Gonzalez, a CETA graduate from the Bronx.

Mr. Farrell, we welcome you. I notice you too have an extensive statement which will be entered in its entirety in the record, without objection. I expect you will be summarizing and highlighting that testimony.

STATEMENT OF TOM FARRELL, DIRECTOR, YOUTH EMPLOYMENT PROGRAMS, COMMUNITY COUNCIL OF GREATER NEW YORK

Mr. FARRELL. Yes.

First of all, welcome to New York, We appreciate your coming and taking the time to conduct this hearing.

Let me give you specifically the recommendations we have from our people. The Community Council of Greater New York has long been in support of a national employment program that will enable full employment for all citizens in the labor force, for training programs that benefit the structurally unemployed in all sectors of the labor force that traditionally have had barriers in employment.

I would like to make the following recommendations; First of all, bridging the client centered community-based organizations with job vacancy centered business training programs: Community-based organizations contract to provide employment and training programs because of their constituencies. They design their programs to meet the needs of the population they serve. In New York City many ethnic community-based organizations service their own people. They design programs either because of the ethnic constituency they have or because they work with a special population of high-risk trainees that they are servicing.

In designing all of these programs, the community-based organizations have looked, first, at their clients. They base their programs on the deficiencies of their clients in having incorporated training, counseling, and supportive services into their training program. It has been a client-centered strategy.

Businesses are set up to make a profit. If the profit decreases, the life and vitality of a company falters. When openings occur, business usually looks for the best candidate available to do the job. When business is involved in on-the-job training programs and classroom training programs, entrance into the training programs is generally designed around the needs of the company, rather than around the needs of a constituency of unemployed. It is in the natural interest of each company involved in such training in the profitmaking complex to recruit and to train those individuals that are ready for the training.

Sar A. Levitan, a manpower specialist at George Washington University, and Richard S. Belous, executive director of the National Council on Employment Policy, have stated that Private Industry Councils throughout the Nation which design training programs that respond to the needs of individual companies have often found themselves in a bind when mediating between disadvantaged job seekers and business executives. They made the following statement:

> If the council decides to serve minority and disadvantaged individuals, they concluded, it can expect to meet with diminished acceptance by the private sector. They found a significant negative correlation between job placement rates and the number of disadvantaged and minority groups served. White adults, males who had a high school diploma, obtained the largest benefits from the council.

That is not to say the Private Industry Council in New York is doing the same thing. Frankly, we don't even have the information to do that analysis now, or not in the form we would like to do it.

We see there may be a tendency to a national basis for the Private Industry Councils, and any programs set up like that should be designing their programs based on the needs of the market, rather than on meeting the needs of all the unemployed people. We would like to recommend there be a business-CBO arrangement where they are working together. CETA community-based organizations have to be legitimate, essential providers of services, in the training of the structurally unemployed.

They should be involved. When they have contracts they should have special employer advisory boards. They should continue to be run in high performance contracts with good levels of expectation and demands that reflects the labor market environment. They need to be given the flexibility to design programs that take into account the participant deficiencies and academic work.

They should continue to receive funds and to be awarded contracts that enable high risk labor market entrants an opportunity of work situations.

Finally, the community-based organizations have a valuable part to play in designing programs for their constituents. They should be involved, not as an ancillary part of any private industry council, or whatever name you call the new body, but they should have an integral part in the planning and implementation of training programs. We see business as having to continue to have access to training programs that meet the needs for the full profit training demands. Business should serve on advisory boards that are also administered by community-based organizations and by any local service area.

We would encourage, also, vocational exploration programs be piggybacked with OJT when such transition can lead to better job placement. We also think special efforts should be made for business-sponsored programs to be in organizations to service high-risk youth and adults, when such collaboration with high-risk participation exists.

To meet the needs of the structurally unemployed at one end of the spectrum and to meet the needs the labor force and the kinds of job vacancies at the other end, business and CBO's need to drop any "we-them" territorial concern and meet each other in the middle by collaboratively designing plans and priorities that can be mutually beneficial to clients and to industry.

Performance at what cost? We are concerned with some of the language in all of the bills that talk about performance, productivity and performance. The concern we have, sometimes the only dimentional way you have of looking at the programs is the number of jobs that are developed, it can lead to creaming, which is to find those needing the program the least; they are going to be recruited the most. They are the easiest to work with. The expected percentage of success in developing jobs should be directly proportionate to the level of disadvantagedness of the trainees. High school graduates with no criminal record usually perform at a higher level than ex-offenders at a fifth grade reading level. Yet there is no incentive for anyone to work with those hardest to place. Since there are high-risk individuals in adult programs, legislation should allow more flexibility in how performance is defined.

With public assistance recipients, women and men on public assistance, especially working parents with children, they need specially designed youth and adult training programs with built-in provisions for day care and supportive health and social services. Parents with preschool children want special part-time vocational and remedial programs. Recipients of Aid to Families with Dependent Children [AFDC] want to secure training that results in the end of their dependence on public assistance, but earning a wage that makes them independent even after the loss of food stamps, medicaid, and day care. Special wage incentives during training should continue and tax breaks to new wage earners who were formerly on Federal or city public assistance should be considered.

MINIMUM WAGE LEVELS AND WAGE INCENTIVES

To introduce minimum wage differentials; it is a different minimum wage. Instead, we recommend that as youth grow in proficiency, in working experiences, they should receive wage incentives above the minimum wage to reinforce their positive work habits. We did that at the community council in an experimental program. It was so successful that the situation said that every program that was in the work experience program should have the option of doing it the same way—the same thing.

STIPENDS MAKE SENSE

Stipends for youth and adults in training should not be eliminated because of their cost. Youth and adults need help in meeting ordinary expenses during the training. Here is one thing that maybe you don't understand. It may not have been said as clearly this morning. Particularly, when you work with youth, we see youth coming into programs and they are saying:

> "I am going to have to leave home unless I can get into a training program, because I am no longer on public assistance. I am over the age. I am not in my family's budget.

Sometimes those youths are said to be a part of public assistance. When you look at the family budget of those young adults, in reality they are living in a home that is involved in public assistance, but their family isn't benefited by them being there. There the importance of continuing the classroom training stipend is an importance based on the fact that a youth is in the home and has no access, nor does the family have any access, to that budget that the family is on.

What you have to understand is that right now, in New York State, thousands of young adults are in training programs receiving a training stipend, and it is the only income that they are getting, even though they are living in the home of someone on public assistance. It is particularly on this age level.

Finally, coordination of local planning: Public employment services, community-based organizations, and local government bodies should all be working together in local employment policy formation and planning. Ways need to be found to insure that local elected officials can continue to respond to their constituency by maintaining their role in planning of employment strategies. Labor, education and community-based organizations need the input of representatives from business even more than what is being contributed already. Business needs to understand that their expertise and input is required during the planning stage and need to volunteer even more time and resources to collaborative efforts in working on common employment and training priorities.

We draw attention to H.R. 5320, to a concern that we have that says, and I will read exactly what we have here. It seems to us more practical to see that no provisions are designed that weaken the local planning function by involving the State or any other nonlocal body when business and/or the Private Industry Council is unhappy with local planning. The power to develop plans needs to remain as a local task. Section 104(a)(2) of H.R. 5320 may create more problems to residents of the prime sponsor than it would be resolving. Thus, it should be re-evaluated.

Special programs for youth 16 to 21 are in order. We support sequential training modalities as found in the Jeffords bill and caution the writers of the provisions to develop such language to allow youth who are ready for special programs not to be penalized if they did not begin at the first phase. Flexible language should be written to allow some youth the option to pick up on entry employment experience who may not have completed but who have demonstrated proficiency of preemployment skills under section 124 of H.R. 5461.

We think there should be more flexible language there.

On the whole, we favor the spirit of the youth preparatory programs and the remediation and training activities as long as the most in need are viewed as the prime recipients of services and never with a wage that is less than the minimum wage level.

COMMUNITY BETTERMENT EMPLOYMENT PROGRAMS

The community council believes in the concept of full employment for all Americans and endorses opportunities for the long term unemployed to benefit society and themselves through short-term transitional employment projects in the public and voluntary not-for-profit sectors. Community betterment projects should not be tabled because of yesterday's problems with public service employment. We encourage the authors to consider work programs that help those most in need and that can offer the truly disadvantaged and long-term unemployed a better understanding of the words of "Human Capital Development," and "Human Investment." We would recommend that such a work program be designed and developed with the Private Industry Council and other representatives of business, to insure that jobs at the end of such transitional programs would develop. When Detroit has problems designing cars that people will buy, no one suggests that Detroit stop making cars. We tell them to try again and to eliminate the problems that prevent people from buying.

In New York City, we have hundreds of thousands of people waiting for Washington to redesign a community betterment employment program. We know it is time for Congress to go back to the drawing board for human capital investments.

New York is the home of partnerships. It is the home of the New York State Partnership. Any partnership of business cannot be mandated through employment legislation. It seems to us you cannot mandate the dreams, the visions or the commitments. It is either in a locality or it is not in a locality. Your legislation should facilitate those dreams and provide incentives and rewards for those localities that dare to dream even more and that dare to believe that their most valuable commodity is their people.

New York City's Partnership is even better this year because it is endeavoring to evaluate where they succeeded and where they did not succeed as well as they wanted to. But to do so, they are reaching out to the community-based organizations for our help, our support and our expertise. Your legislation should reflect what we are learning and experiencing in New York City and encourage similar kinds of relationships for human capital investments.

Finally, I want to say, last week I had an opportunity to attend a free training program that may be provided to a variety of people from around the country. They are continuing to run 40 such training programs from now until the next few weeks. They are doing it for the sake of helping community-based organizations to even grow more efficiently than they are now, in terms of planning styles and planning techniques. We think that kind of activity is a valid kind of activity for business in working with the community-based organizations. We would also recommend business continue to do the work it is doing with the veterans program or job exposure programs. We would recommend to people involved in the legislation there may be programs in which minority role models in business work one-on-one with business in not-for-profit industry. It will encourage the Private Industry Council and other programs to continue their work in summer programs, developing jobs in non-Federal funded programs, and that they get involved in remediation programs, not because they have a need, but because the city and the area at large need more membership in remediation.

In conclusion, we would like to thank the congressional representatives who sponsored the hearing, and we look forward to working with you in the next 30 weeks so that we may be assured of a smooth phase-in of new employment training programs by October 1982.

Mr. WEISS. Thank you, Mr. Farrell.

[The prepared statement of Thomas Farrell follows:]

Prepared Statement of Thomas R. Farrell, Community Council of Greater New York, New York, N.Y.

Good morning ladies and gentlemen. My name is Tom Farrell and I am the Director of the Youth Employment Programs at the Community Council of Greater New York. I am also the chairperson of the Youth Employment Project Directors Coalition and the Vice Chair of the New York City Employment & Training Planning Council's Youth Council.

The Community Council of Greater New York has been involved in operating youth employment programs since the mid '60s. We have administered city-wide youth employment programs under Title II through out-of-school contracts for young adults who have dropped out of school and summer youth employment programs providing work experience to youngsters during the summer months.

In 1978 we launched a youth employment monitoring project which observed and reported on the progress of the Youth Conservation and Community Improvement Program (YCCIP) and Youth Employment and Training Program (YETP) activities. This final document was shared with the New York City Department of Employment, the U.S. Department of Labor and with Congressional leaders from the New York City area.

In 1979 to 1981, we administered a Title IV YETP in-school program for foster care adolescents.

We would like to commend the House Sub-committee for the proposed bills they have introduced and for your commitment to the unemployed and your concern to invest financial resources into human beings who want and need better access into the labor force.

I want to make general comments that emphasize what the Community Council of Greater New York has been advocating and hope that you would evaluate our priorities in the provisions that you include or fail to include in both the "Community Partnership for Employment and Training Act" introduced by Congressman Hawkins and in the "Productivity and Human Investment Act" introduced by Congressman Jeffords.

The Community Council of Greater New York has long been in support of National employment policies that will enable full employment for all citizens in the labor market.

We have for many years supported an employment policy that will enable the funding of Federal employment and training programs that benefit the structurally unemployed and all sectors of the labor force that traditionally have had barriers in employment.

RECOMMENDATIONS:

1) Bridging the "Client-Centered" Community-Based Organizations with the "Job-Vacancy-Centered" Business Training Programs.

Community based organizations contract to provide employment and training programs because of their constituencies. They design their programs to meet the needs of the population they serve. In New York City many ethnic Community-based organizations service their own people (e.g., Russian Jews, Italians, Greeks, Armenians, Hispanics, Haitians, Chinese) in classroom training, English as a second language, or on-the-job training programs. In this City, many organizations service a particular kind of high risk trainee that in the past has included ex-offenders, alcoholics, single parents, school drop-outs, wards of the court, individuals on City or Federal public assistance, and former drug abusers.

In designing all of these programs, community-based organizations have looked first at their clients. Then, based on the deficiencies of these clients, training, counseling and supportive services have been negotiated. Their programs often reflect a "client-centered" strategy. (See Attachment A.)

Businesses are set up to make a profit. If the profit decreases, the life and vitality of a company falters. When openings occur, business usually looks for the best candidate available to do the job. When business is involved in on-the-job training programs and classroom training programs, entrance into the training program is generally designed around the needs of the company rather than around the needs of a constituency of unemployed. It is in the natural interest of each company involved in such training in the profit-making complex to recruit and to train those individuals that are ready for the training.

Sar A. Levitan, a manpower specialist at George Washington University, and Richard S. Belous, executive director of the National Council on Employment Policy, have stated that Private Industry Councils throughout the nation (which design training programs that respond to the needs of individual companies) have often found themselves "in a bind" when mediating between disadvantaged job seekers and business executives.*

> "If the Council decides to serve minority and disadvantaged individuals, they concluded, it can expect to meet with diminished acceptance by the private sector. They found a significant negative correlation between job placement rates and the number of disadvantaged and minority groups served. White adults males who had a high school diploma obtained the largest benefits from (the council)." (National Journal, February 1982)

The Community-based organizations and business need to develop better ways to work together to expand already existing partnership arrangements in which employers and disadvantaged clients can naturally benefit one another.

2) CBO's and Business-Working Together

A. CBO's: - Readying Clients for the Demands of the Private for Profit Sector:

1) Community-based organizations need to be continually recognized in new Federal and locally funded employment and training programs as a legitimate and essential provider of service. CBO's each year continue to demonstrate that they are able to recruit and screen a variety of community constituents who represent a variety of ethnic or special group populations.

2) Community-based organizations with training contracts should have special employer advisory boards. CBO's should get input from a variety of employers who can give feed-back on the curricula and plans of the CBO's training program before it commences.

3) CBO's need to continue to expose their participants to the labor market environment and the level of expectations and demands that reflect that environment.

4) CBO's need to be given the flexibility to design programs that take into account the participant's deficiencies in academic

learning and gaps in their attitudinal and social interpersonal experiences.

5) CBO's should continue to receive funds and to be awarded contracts that will enable high risk labor market entrants an opportunity to move into a variety of work situations. Such programs should have the ability to provide vocational counseling, supportive services and exposure to minority group role models who are presently employed in the business sector. Efforts need to be made to broaden the knowledge base of ethnic minority participants to a variety of career opportunities in the profit and non-profit sectors.

6) Community-based organizations have a valuable part to play in designing programs for their constituents. Their involvement in business - labor councils or Private Industry Councils should not be ancillary but integral. Community-based organizations that sit on such councils should not only be large visible vocational service agencies, but should also include small "grass roots" agencies who have demonstrated their ability to successfully operate programs for special populations.

B. Business: - Facilitating the Hiring of the Structurally Unemployed:

1) Business should continue to have access to training programs that meet the needs of the for-profit training demands of job vacancies.

2) Business should serve on advisory boards of training programs administered by Community-based organizations and by any local service area.

3) Vocational exploration programs should piggy-back with On-the-Job Training (OJT), work experience programs and classroom training when such transitioning can lead to better job placements.

4) Special efforts should be made for business-sponsored programs working in collaboration in special community-based organizations to service high-risk youth and adults when such collaboration can increase the number of special high-risk participants in a special trade or business.

C. CBO - Business Partnerships:

1) To meet the needs of the structurally unemployed at one end of the spectrum and to meet the needs the labor force and the kinds of job vacancies at the other end, business and CBOs need to drop any "we-them" territorial concern and meet each other in the middle by collaboratively designing plans and priorities that can be mutually beneficial to clients and to industry.

3) Performance at What Cost?

It is unrealistic to simply view the success of all employment and training activities based on the number of jobs in which a contractor succeeds in placing the participants. It leads to "creaming", which is to find the most qualified trainee, often taking someone who could succeed without the Federal program and denying a high-risk person a chance. The expected percentage of success in developing jobs should be directly proportionate to the level of disadvantagedness of the trainees. High school graduates with no criminal record usually perform at a higher level than ex-offenders at a fifth grade reading level. Yet there is no incentive for anyone to work with those hardest to place. Since there are high-risk individuals in adult programs, legislation should allow more flexibility in how performance is defined.

We believe that the educational system is a vital ingredient in a partnership arrangement. Education works sometimes well, sometimes badly, but it is generally too little involved with business and community organizations. Even though their presence in a partnership arrangement is an important opportunity it is not without risks; it will require a sound non-bureaucratic committment from educational institutions and that too often is a difficult task.

4) Public Assistance Recipients

Women and men on Public Assistance, especially young parents with children, need specially designed youth and adult training programs with built-in provisions for day care and supportive health and social services. Parents with pre-school children want special part-time vocational and remedial programs. Recipients of Aid to Families with Dependent Children (AFDC), want to secure training that results in the end of their dependence on Public

Assistance, but earning a wage that makes them independent even after the loss of Food Stamps, Medicaid, and day care. Special wage incentives during training should continue and tax breaks to new wage earners who were formerly on Federal or City Public Assistance should be considered.

5) Minimum Wage Levels & Wage Incentives:
We support minimum wage salaries for work done in training programs. We oppose any effort to introduce minimum wage differentials as proposed in the Jeffords bill. Instead, we recommend that as youth grow in proficiency in working experiences, they should receive wage incentives above the minimum wage to reinforce their positive work habits.

6) Stipends Make Sense:

Youth and adults who are economically disadvantaged have empty pockets regardless of the Federal budget deficit. Stipends for youth and adults in training should not be eliminated because of their cost. Youth and adults need help in meeting ordinary expenses during training. To eliminate the stipends is to guarantee that those individuals who are not on Public Assistance will drop out or not apply for training. Many youth and adults who live with parents on Public Assistance are not on their parents' budget. To deny them a stipend during their training will, in the end, hurt the resources of the whole family or forces the youth to leave the family to qualify for other Public Assistance.

7) Coordination of Local Planning:

Business, labor, education, public employment services, community-based organizations and local governmental bodies should all be working collectively in local employment policy formation and planning. Ways need to be found to insure that local elected officials can continue to respond to their constituency by maintaining their role in planning of employment strategies. Labor, education and community-based organizations need the input of representatives from business even more than what is being contributed already. Business needs to understand that their expertise and input is required during the planning stage and need to volunteer even more time and resources to collaborative efforts in working on common employment and training priorities.

It seems more practical to see that no provisions are designed that weaken the local planning function by involving the State or any other non-local body when business (and/or the Private Industry Council) is unhappy with local planning. The power to develop plans needs to remain as a local task. Section 104 (a) (2) of HR./5320 may create more problems to residents of the prime sponsor than it would be resolving. Thus, it should be reevaluated.

8) Set-Asides for Youth;

Special programs for youth 16 to 21 are in order. We support sequential training modalities as found in the Jeffords bill and caution the writers of the provisions to develop such language to allow youth who are ready for special programs not to be penalized if they did not begin at the first phase. Flexible language should be written to allow some youth the option to pick up on entry employment experience who may not have completed but who have demonstrated proficiency of pre-employment skills under Section 124 of HR./5461.

On the whole, we favor the spirit of the youth preparatory programs and the remediation and training activities as long as the most in need are viewed as the prime recipients of services and never with a wage that is less than the minimum wage level.

9) Community Betterment Employment Programs:

The Community Council believes in the concept of full employment for all Americans and endorses opportunities for the long-term unemployed to benefit society and themselves through short term transitional employment projects in the public and voluntary not-for-profit sectors. Community betterment projects should not be tabled because of yesterday's problems with Public Service Employment. We encourage the authors to consider work programs that help those most in need and that can offer the truly disadvantaged and long-term unemployed a better understanding of the words of "Human Capital Development" and "Human Investment". We would recommend that such a work program be designed and developed with the Private Industry Council and other representatives of business to insure that jobs at the end of such transitional programs would develop. When Detroit has problems designing cars that people will buy, no one suggests that Detroit stop making cars. We tell them to try again and to eliminate the problems that prevent people from buying.

In New York City we have hundreds of thousands of people waiting for Washington to redesign a Community betterment employment program. We know its time for Congress to go back to the drawing board for human capital investments.

10) New York City - Home of Partnerships:

New York City is the Home of the New York City Partnership. Any partnership of business, labor, education, government and the not-for-profit community-based organizations is as productive and as efficient as the communication, cooperation and integration of all of the players. It is built on common goals, mutual trust and a belief that all of the organizations share the same dreams and demand the same results from their combined efforts.

Employment legislation, it seems to us, can never mandate the dreams, the visions, or the commitments. It is either in a locality or it is not in a locality. Your legislation should facilitate those dreams and provide incentives and rewards for those localities that dare to dream even more and that dare to believe that their most valuable commodity is their people.

New York City's Partnership is even better this year because it is endeavoring to evaluate where they succeeded and where they did not succeed as well as they wanted to. But to do so they are reaching out to community-based organizations for our help, our support and our expertise. Your legislation should reflect what we are learning and experiencing in New York City and encourage similar kinds of relationships for human capital investments.

In conclusion, we would like to thank the Congressional Representatives from the House Subcommittee on Employment Opportunities and, particularly, thanks to the Honorable Augustus F. Hawkins, the Chairperson, and the Honorable Ted Weiss and his entire staff, for taking the opportunity to sponsor this hearing. We look forward to working with you all in the next 30 weeks so that we may be assured of a smooth phase-in of new employment and training programs by October 1982.

ATTACHMENT

CBO's

WHERE WE HAVE BEEN IN EMPLOYMENT AND TRAINING IN NEW YORK CITY IN 1980-81:

During the past ten years, the role of the not-for-profit voluntary sector in New York City has been an active participatory one in the actual training of unemployed individuals and in the review of and reaction of City plans for overall employment and training. More than actual business and for-profit coporations, the community-based organization served as the major agent for training and as one of the major agents to influence employment and training policy.

The Community-based organizations have been involved in the following kinds of training programs:

CLASSROOM TRAINING:

Agencies set up structured classrooms with curricula and lesson plans to teach specific skills such as secretarial studies, accounting, bookkeeping, jewelry making. Many times certain programs prepare their participants for the high school equivalency diploma when the diploma is a requirement for a particular job in the labor force. Some classroom training programs have been specially instituted to help non-English speaking residents learn English as a Second Language (ESL). All of these classroom training programs are time limited and measured by the amount of jobs that the graduates are able to secure.

In New York City in FY81, 6,500 people were placed in jobs as a result of the classroom training they received. An additional 500 individuals went on to further training. Over 100 contracts were awarded to community-based organizations which succeeded in developing full-time jobs for these individuals. Some of the not-for-orofit agencies included Vocational Foundation, Chinatown Manpower Project, Community Film Workshop, International League for the Repatriation of Russian Jews, Armenian General Benevolent Union, United Hiatian Association, Associanciones Dominicans Inc., and the Opportunities Industrialization Center.

ON-THE-JOB TRAINING:

Participants in the on-the-job training program (OJT), learn a job as an employee of a company during a training period that is generally from 10 to 20 weeks in duration. The participants are referred to the prospective company, which has previously posted a vacancy, and the firm interviews the OJT candidate. If the employer hires the OJT candidate, he or she receives an inducement of up to 50% of the trainee's salary during the training period. At the end of the training period the employer is expected to retain the trainee as a regular employee.

In New York City, adults in OJT in FY81 numbered 2,336 in the regular Title II section of CETA. Some of the not-for-profit agencies that placed these individuals into OJT full time jobs included South Bronx Overall Economic Development Corporation and the Williamsberg Industrial and Neighborhood Development (WIND).

ADULT WORK EXPERIENCE

Adults 18 and over enter Adult Work Experience (AWE), for the sake of getting initial experience in working on a job. They are placed in the not-for-profit sector and perform a variety of tasks at their work location. Oftentimes these workers are encouraged to get remedial help in a classroom training setting to improve specific skills. At the end of a 6 month training - working cycle, these individuals are encouraged to secure full-time jobs or to go on to further training. Often, the program provides an adjustment period for people with poor or irregular work history and for individuals on public assistance.

In New York City many community-based organization administered these programs. CBO's helped both the trainees to learn more about the world of work and assisted scores of community-based organizations by placing this AWE worker on the premises of these not-for-profit organizations. Valuable community services were performed that ordinarily would not have been done. In addition, administrative services in some social welfare agencies were expanded because of these workers. In New York City approximately 8,500 hard to place, high-risk former and potential welfare recipients were placed on full-time jobs or into further training programs in FY80-81.

A cross-section of the not-for-profit charitable organizations which aided in the employment and work experience of this group of individuals included Community Service Society, Day Care Council of New York, East Harlem Community Corporation, Federation of the Handicapped, Italian American Alliance, the Jamaica branch of the NAACP, and New York City Affiliate of the National Council on Alcoholism.

SERVICES TO CLIENTS:

Last year not-for-profit organizations have come to the assistance of 3,500 hard-to-place high-risk individuals. A service to clients contract works potential entrants into the labor force by counseling and preparing unemployed individuals who have been referred to them. The amount of money to run a service-to-clients program is comparatively inexpensive since it provides no stipend to any of the individuals they counsel and refer to job openings.

Despite the lack of adequate supportive services, and any in depth skills training, the contractors have been able to help over half of those individuals registered secure full-time employment.

The following charitable organizations developed full-time jobs for these individuals: Boy Scouts of America, Vocational Foundation, H.A.N.E.C., National Puerto Rican Forum, and Women in Apprenticeship Program.

YOUTH PROGRAMS:

Youth programs include all of the before-mentioned training programs but are especially geared to youth between the ages of 16 and 21. Programs are funded under Title IV either under Youth Employment and Training Programs (YETP), Youth Conservation and Community Improvement Program (YCCIP) or the Summer Youth Employment Program (SYEP). Monies are also earmarked from Title B & C for special youth work experience and classroom training programs.

In New York City in 1980-81, 3,409 youth were placed on jobs at the end of their training in YETP and YCCIP. An additional 3,862 were provided with an in-school work experience under Title II. 45,100 youth entered the Summer Youth

Employment Program, and most of them were placed with CBO project sponsors. Most of the out-of-school youth trained and placed were under the auspices of the community-based organizations.

PUBLIC SERVICE EMPLOYMENT:

Public Service Employment in New York City provided access to Community-based organizations which actually administered about 15 to 20% of the Public Service Employment jobs. Information and referral workers, day care workers, artists, teachers, community theatre workers, community rehabilitation, and improvement participants were the kind of temporary, transitional, jobs that were set up with over 50 community-based organizations throughout the five boroughs. As many as 5,000 workers were employed in these community service projects through approximately 60 such community based organizations.

Mr. WEISS. Ms. Gonzalez.

STATEMENT OF GLORIA GONZALEZ, CETA GRADUATE, BRONX

Ms. GONZALEZ. My name is Gloria Gonzalez and I would like to take this opportunity to thank the subcommittee for allowing me to describe how my participation in a youth employment and training program changed my life.

I am 21 years old, a single parent, with a 6-year-old daughter. For the past year, I have been employed as a police administrative assistant for the New York City Police Department. I enjoy my job and am happy that it frees more policemen from clerical work to do actual crime fighting. I look forward to a bright future for both myself and my daughter, Nicki. I did not always have such hope.

Before my participation in an out-of-school program sponsored by the Northwest Bronx Community and Clergy Coalition, I was unemployed; receiving public assistance; a high school dropout, with no work experience. I did not feel very good about myself and I didn't know how to change things or where to start.

I was more fortunate than many other young people because I was able to find out about a training program from a friend and I was accepted into it. For 15 hours a week I received high school equivalency instruction at the coalition and 15 hours per week I did clerical work at the Jewish Home and Hospital for the Aged. The classroom instruction enabled me to obtain my general equivalency diploma, while the clerical work gave me real experience and a reference. As important as the typing, filing, answering phones and reading the patient's charts was, the main benefit to me was realizing the responsibilities that go with holding a job.

Because the counselors and directors of the Coalition's program cared and worked with us when we made mistakes, we learned a lot that made us job ready.

When my attendance wasn't as good as it should be, they got on my case and explained why an employer didn't care why I wasn't there.

The program staff helped me to get an apartment in a good building with heat and hot water where I was less concerned about my daughter's health.

They also cared enough to fire me.

After I obtained my GED, I messed up and didn't call in or come to work for a few days. I was terminated from the program, but they didn't give up on me. It took losing a job to make me realize how important it was to show up. About 3 weeks later, a regular staff position with the Coalition's yough program opened up and I was hired on a probationary basis. In the 1½ year I worked there, I only missed 5 days, when I was sick. Then I was off probation.

I was lucky. I was able to make my mistakes and learn from them. I also learned how to look for a better job and now have a better paying job with the police department, with a pension plan.

I could not have done any of these things without some type of youth employment and training program.

Would you hire someone without experience or a high school diploma? I certainly wouldn't.

I am here today to plead with you to continue these programs. Please tell your fellow Congressmen that they will not save money by cutting these programs. If you don't spend this money to give other youth a chance, you will spend it on increased welfare, crime, and prisons.

I was lucky, I got a chance. Please give one to my brothers, friends, and other young people in this country.

Thank you.

Mr. WEISS. Mr. Farrell, you have a very extensive, and I think very solid piece of testimony. I think that you realize the legislation you have been asked to comment on is not ideal because the conditions under which you are working are less than ideal. While it is really very difficult to predict at this stage where we are going to end up when the process runs its course, when you compare what the administration wants, then even the less than ideal proposals of the subcommittee tends to look much better by comparison.

Unfortunately, as in so many other areas at this point, what we are really trying to do is to hold on and, perhaps, make a little progress, while the onslaught takes place. I really don't have any answers for you. I appreciate the work that you and the Community Council have been doing.

I think Ms. Gonzalez is a perfect example of success stories that we have all known and seen. Hopefully, your wishes will come true and there will be a lot of other people who will be able to take advantage of these programs.

Mr. HAWKINS. I don't have any questions either. I believe Chairman Weiss' observation goes for me too.

It would seem to me that despite some reservations, that the administrations proposal would completely demolish the youth employment program as conducted by the Community Council.

Mr. FARRELL. That's correct.

Mr. HAWKINS. The Gloria Gonzalez's would have been out of business completely without that program.

Mr. FARRELL. I think you should realize one of the programs—Gloria was in a program that is called "work experience." One of the programs that some of the legislation wants to cut back on is "work experience," for whatever reasons.

I think what you have to understand is the reason it worked for Gloria is because there was time given week after week after week for probably 1½ years. She indicated she was in a school program and an out of school program. It cost money. Work experience costs money, but in the end you get a placement. You are not going to have the same kind of success with short-term 6 week job readiness or job-work experience programs, because they are not going to provide someone to go to school part time and to get that training part time.

One of the things that you have to consider is the kind of programs that you are recommending be developed because, as you recommend those programs, the kind of program Gloria was in won't exist any more.

Mr. **Hawkins**. I think that goes to the issue of the type and quality of training. I think you will have to conclude that cheap training is very brief training, 6, 10 weeks for that matter, is more expensive in the long run; less cost effective than good training that takes a longer time. I would think that in terms of Gloria and her experience—may I ask her whether or not she would have been able to undertake the training?

Gloria, would you have been able to undertake the training if you had not been paid the stipend of some amount of money?

Ms. **Gonzalez**. It helped.

Mr. **Hawkins**. Let's say you had been asked to undertake some training without any salary, wage or stipend of any kind?

Ms. **Gonzalez**. I think that helped me go through with it. You had a couple of dollars in your pocket.

Mr. **Hawkins**. Would you have been able, otherwise, to take the training if you had not had the stipend? Were you in a position to do so?

Ms. **Gonzalez**. Yes, I had to. I guess I couldn't take the job if I wasn't going to be paid.

Mr. **Hawkins**. Do you understand the question?

Did you have to depend on some income during the time you were being paid?

Ms. **Gonzalez**. Yes.

Are you saying, did I need the money? If they didn't pay me, would I have gone through with it? Probably not.

Mr. **Hawkins**. Were you in a position, financially, to do so?

Ms. **Gonzalez**. I wasn't in a position, no.

Mr. **Hawkins**. Did you have a child during the time you were being trained?

Ms. **Gonzalez**. I had a child. I did need the money.

I did need the income. I wouldn't have gone through the program if they didn't pay me.

Mr. **Hawkins**. Thank you. You are a successful example.

Mr. **Weiss**. Mr. Jeffords?

Mr. **Jeffords**. That was an excellent presentation. Maybe you ought to bring Gloria down to Washington to spread the word a bit.

Mr. **Weiss**. Before you went into the program, how were you supporting yourself?

Ms. **Gonzalez**. I was on public assistance.

Mr. **Weiss**. When you went into the program, did you continue receiving public assistance?

Ms. **Gonzalez**. No; I wasn't able to receive it. I think I was, but I had to go off of it.

Mr. **Weiss**. In essence, the time that you spent during your training period, that you were getting paid for, came off whatever you had been getting in public assistance?

Ms. **Gonzalez**. Right.

Mr. **Weiss**. It was either a matter of being paid for the training you were receiving or getting public assistance.

Ms. **Gonzalez**. I preferred being trained and paid.

Mr. **Weiss**. Thank you both for your testimony.

I think we will take a few minutes' recess at this time.

[Brief recess.]

Mr. **Weiss**. We are ready to proceed. The committee will come to order. The next witness is Mr. Roger Vaughan, deputy director of the Office of Development Planning for the State of New York.

Mr. Vaughn, I notice you have an extensive statement, which will be entered in full into the record. I would expect that you are going to summarize and highlight briefly from your testimony; is that right?

STATEMENT OF ROGER VAUGHAN, DEPUTY DIRECTOR, OFFICE OF DEVELOPMENT PLANNING, STATE OF NEW YORK

Mr. **Vaughan**. Yes, I will.

It is a pleasure to participate in these hearings. We have heard a lot in the last 2 years on economic policy. We see from the Congress and the President, massive cutbacks in funds for training, which will be infinitely more important to growth and also human capital. It is critical.

Perhaps this debate on what will be done with CETA or employment training in general is the most important policy discussion Congress will have. Before I address the specific issues raised, I would like to lay out some principles that should guide us as we develop an overall national system. The first and foremost, most important, we must view the design process as one that will extend over several years. Reform of CETA diverts attention from the need for a sweeping change in education services. Whatever the final form of the legislation which emerges this year, and in subsequent years, we must move for integration of employment training services, and vocational education within a unified system.

We must also design a funding mechanism that removes employment and training from the vagaries of annual appropriations. I believe the unemployment insurance system should serve as a model. We must regard access to adequate employment and training as important to employer and employee alike, as access to income security.

In an appendix to the testimony prepared today, I provide a blueprint for national policy in which all employment and training activities would be paid for through a tax on employers and employees, the revenues from which would be paid into State training trust funds, analogous to but separate from unemployment insurance trust funds.

Second, a workable national strategy must recognize a much broader role for State governments. States have a much deeper fiscal commitment to postsecondary education and training than any other level of government, and by-passing them as CETA has, led to a breakdown in coordination. Yet the Federal Government must maintain a basic financial commitment to pay for training for the poor. The poor are a national concern. We cannot return the fiscal responsibility for assisting the poor to States, regardless of local fiscal capacity and heedless of need. The strategy must be an equitable partnership between Washington and State capitals.

Third, employment, education, and training programs cross traditional agency lines, and encompass activities undertaken in State social service, education, labor, and business development departments, as well as youth, probation and correction agencies. The effective coordination of these programs requires an administrative mechanism that transcends traditional agency lines.

Fourth, the national strategy must meet the needs of all those requiring assistance; those on welfare that lack the resources to acquire the job skills necessary to secure full-time employment; the worker whose skills have been rendered obsolete by technological change, or imports from abroad; and the underemployed condemned to work in jobs that provide little opportunity to rise above the poverty level; and the new entrant to the labor market who has neither the skills nor the experience to gain the first rung on the economic ladder. Pregrams to help these people must be effectively integrated within our overall national strategy, and not relegated to separate, stigmatized programs. We have learned to our cost that "a program designed specifically for the poor is a poor program."

Fifth, it is clear that the private sector must be more strongly involved in the planning and the administration of an effective national strategy. Most new jobs during the next decades will be in the private sector, and many will require familiarity with new equipment and new technologies. The best way to insure that individuals are trained in the skills that are needed by industry is to involve industry closely in the program.

Finally, our employment and training system just include much greater incentives for innovative and effective performance at the State and local level. Performance based contracting must be stressed, both between the local agency and the training institutions with which it contracts, and between the Federal, State, and local governments.

There are four major proposals circulating. Let me comment on what I consider to be some of the strengths from each, rather than endorse a specific bill.

First, in terms of overall administrative structure, the administration, Quayle and Jeffords bills channel all resources through the State government which will allow a much closer coordination between such vital elements of the system as vocational education, the employment service and other employment and training programs. They also include provisions to retain some elements of the present CETA delivery system. The concept of an administering board, proposed by the administration and by Representative Jeffords, that includes strong representation by the private sector and could eventually incorporate the activities of other advisory councils, is also worth considering.

The bill before this subcommittee is the only proposal that addresses the needs of the displaced worker. I would urge the subcommittee to develop ways to target these resources so that they are directed to the most needy of the millions of unemployed. This bill is also the only one that recognizes that temporary employment opportunities in the public sector can provide valuable work experience for the structurally unemployed. But I would caution the subcommittee against allowing this provision to be expanded suddenly to include the cyclically unemployed. The massive expansions and contractions of the public service employment program under CETA diverted the program from its basic function of employability development for the economically disadvantaged. I also support this bill for recognizing that, under certain circumstances, stipends may be necessary to allow low income individuals to participate in a training program.

The bill proposed by Senator Quayle, by shifting the funding year to July, allows essentially for the forward funding of the program, which will greatly improve the budgeting and planning process at the State and local level. It also rationalizes the data collection and analysis function of the U.S. Department of Labor.

These are all important elements in the development of a rational and effective employment and training strategy that will be a major component of an economic program that can lead to economic recovery and to the expansion of economic opportunity to all Americans. My final comments concern funding levels. This Nation underinvests in human capital. This subcommittee has proposed spending $5 billion. This may be sufficient in the process of transition from the CETA system to a broader system along the lines that I have outlined. But we must recognize that, in the long run, we shall have to spend much more. States stand ready to pay for their part. We already spend nearly $10 billion on vocational education. If the Federal Government is to meet its obligations, we must look for a substantial increase in spending in years to come. These funds will yield a rate of return that more than justifies the program. It is an investment that we cannot afford to underfinance.

Thank you.

[The prepared statement of Roger Vaughan follows:]

Prepared Statement of Roger J. Vaughan, Deputy Director, Office of Development Planning, New York State

Mr. Chairman, members of the Subcommittee, it is a pleasure to participate in these hearings on national employment and training policy. Last year Congress enacted massive tax cuts to encourage investment in plant and equipment. Yet, instead of complementary actions to encourage investments in human capital, federal support for education and training has been recklessly reduced. We cannot afford to regard funds for training as wasteful spending that must be cut to ensure economic recovery. They are investments that yield a high yield. By cutting back, the American taxpayer is denied these potential rates of return. No issue that Congress faces is more important for the economic future of this nation than the design and financing of an efficient and equitable employment and training strategy.

Before I address the specific issues raised in various alternatives to the CETA system that have been proposed, I should like to lay out some fundamental principles that must guide us in the development of a sound national system. First, and most important, we must view the design process as one that will extend over several years. We cannot let the debate over the reform of CETA divert attention for the need for a sweeping change in the administration of labor market and training services. Whatever the final form of the legislation this year, in subsequent years we must move toward the full integration of the Employment Service and Vocational Education within a unified employment and training system. We must also design a funding system that removes employment and training from the vagaries of annual appropriations. I believe the Unemployment Insurance system should serve as a model. We must regard access to adequate employment and training as important to employer and employee alike as access to income security. In an appendix to this testimony, I provide a blueprint for a national policy in which all employment and training activities would be paid for through a tax on employers and employees, the revenues from which would be paid into State Training Trust Funds, analogous to but separate from UI Trust Funds.

Second, a workable national strategy must recognize a much broader role for state governments. States have a much deeper fiscal commitment to post-secondary education and training than any other level of government, and by-passing them as CETA has, led to a breakdown in coordination. Yet the federal government must maintain a basic financial commitment to pay for training for the poor. The poor are a national concern. We cannot return the fiscal responsibility for assisting the poor to states regardless of local fiscal capacity and heedless of need. The strategy must be an equitable partnership between Washington and state capitols.

Third, employment, education and training programs cross traditional agency lines, and encompass activities undertaken in state social service, education, labor, and business development departments, as well as youth, probation, and correction agencies. The effective coordination of these program requires an administrative mechanism that transcends traditional agency lines.

Fourth, the national strategy must meet the needs of all those requiring assistance -- those on welfare that lack the resources to acquire the job skills necessary to secure full-time employment; the worker whose skills have been rendered obsolete by technological change or imports from abroad; and the under-employed condemned to work in jobs that provide little opportunity to rise above the poverty level; and the new entrant to the labor market who has neither the skills nor the experience to gain the first rung on the economic ladder. Programs to help these people must be effectively integrated within our overall national strategy, and not relegated to separate, stigmatized programs. We have learned to our cost that: "a program designed specifically for the poor is a poor program".

Fifth, it is clear that the private sector must be more strongly involved in the planning and the administration of an effective national strategy. Most new jobs during the next decades will be in the private sector, and many will require familiarity with new equipment and new technologies. The best way to ensure that individuals are trained in the skills that are needed by industry is to involve industry closely in the program.

Finally, our employment and training system must include much greater incentives for innovative and effective performance at the state and local level. Performance based contracting must be stressed, both between the local agency and the training institutions with which it contracts, and between the federal, state and local governments.

Proposed Legislation

There are four major proposals circulating: The Training for Jobs Act (s.2036); The Productivity and Human Investment Act (H.R. 5461); the Community Partnership for Employment and Training Act (H.R. 5320) before this Subcommittee; and a draft Bill circulated by the Administration. Each offers some innovative ideas that would strengthen the system and each presents some difficulties in the attainment of the overall goals. In the months of debate and negotiation that lay ahead, we hope that the best elements from each proposal are combined to form the best possible framework within which we can meet our national employment and training needs.

In the limited time at these hearings, I would like to merely point out some of the strengths of the different proposals so that the Subcommittee has some guidance in its difficult task.

First, in terms of overall administrative structure, the Administration, Quayle and Jeffords Bills channel all resources through the state government which will allow a much closer coordination between such vital elements of the system as Vocational Education, the Employment Service and other employment and training programs.

They also include provisions to retain some elements of the present CETA delivery system. The concept of an administering board, proposed by the Administration and by Representative Jeffords, that includes strong representation by the private sector and could eventually incorporate the activities of other advisory councils is also worth considering.

The bill before this Subcommittee is the only proposal that addresses the needs of the displaced worker. I would urge the Subcommittee to develop ways to target these resources so that they are directed to the most needy of the millions of unemployed. This bill is also the only one that recognizes that temporary employment opportunities in the public sector can provide valuable work experience for the structurally unemployed. But I would caution the Subcommittee against allowing this provision to be expanded suddenly to include the cyclically unemployed. The massive expansions and contractions of the Public Service Employment program under CETA diverted the program from its basic function of employability development for the economically disadvantaged. I also support this bill for recognizing that, under certain circumstances, stipends may be necessary to allow low income individuals to participate in a training program.

The Bill proposed by Senator Quayle, by shifting the funding year to July allows, essentially for the forward funding of the program which will greatly improve the budgeting and planning process at the state and local level. It also rationalizes the data collection and analysis function of the U.S. Department of Labor.

These are all important elements in the development of a rational and effective employment and training strategy that will by a major component of an economic program that can lead to economic recovery and to the expansion of economic opportunity to all Americans. My final comments concern funding levels. This nation underinvests in human capital. This Subcommittee has proposed spending $5 billion dollars. This may be sufficient in the process of transition from the CETA system to a broader system along the lines that I have outlined. But we must recognize that, in the long run, we shall have to spend much more. States stand ready to pay for their part. We already spend nearly $10 billion on Vocational Education. If the federal government is to meet its obligations, we must look for a substantial increase in spending in years to come. These funds will yield a rate of return that more than justifies the program. It is an investment that we cannot afford to underfinance.

APPENDIX

A PROPOSAL FOR A NATIONAL EMPLOYMENT, EDUCATION AND TRAINING STRATEGY

Roger J. Vaughan
Office of Development Planning

1. INTRODUCTION

The National Economic Recovery Act of 1981 provided for substantial incentives for investment in plant and equipment. Yet these investments in physical capital will not lead to sustained economic growth without comparable investments in human capital. Without an adequately trained and educated labor force, productivity will not grow, the nation's competitiveness in world markets will not improve, and the nation will be denied the contribution of millions of potential employees.

The purpose of this paper is to analyze present employment and training policy and to outline an alternative strategy that meets the twin objectives of providing industry with labor trained in necessary skills and of assisting the economically disadvantaged in the difficult transition from dependency to unsubsidized employment. At a time when unemployment and inflation remain high and when technological changes are creating bottlenecks in supplies of trained labor, achieving these objectives is of paramount importance to our economic future. The first section outlines present programs and problems inherent in the present system. The second section outlines an alternative strategy which combines the resources of the federal, state and local governments but does not involve any net increase in government spending. The proposal would yield a much more flexible and efficient system for meeting the nation's employment and training needs that overcomes the problems inherent in the present ad hoc structure.

2. EMPLOYMENT, EDUCATION AND TRAINING: PRESENT POLICIES AND PROBLEMS

The present employment, education and training system encompasses all levels of government and a bewildering array of programs. It includes the Comprehensive Employment and Training Act (CETA), administered through local prime sponsors and Private Industry Councils (PICs), the Employment Service (ES), the Work Incentive program for welfare recipients (WIN), the Vocational Education system, universities, proprietary training institutions, not-for-profit placement and training institutions, community based organizations (CBOs), community action programs, technical assistance centers, "in house" training programs in private companies, remedial education, and special tax incentives and credits.

The ad-hoc structure of our present employment and training policy, and evidence of duplication and ineffectiveness, have led to calls for significant reductions in the federal commitment to these programs.

In 1981, the Reagan Administration closed down the Public Service Employment (CETA Titles IID and VI) programs through rescissions and deferrals. Substantial cuts have been promised in CETA training programs, Vocational Education funds, and in the Job Service. Youth employment programs are threatened with extinction and the Administration has promised to oppose the further reauthorization of the Targeted Jobs Tax Credit next year.

These actions are predicated on the beliefs that private employers are best able to train their employees in the skills necessary to be productive workers and that the Program for Economic Recovery will generate jobs for all Americans who want to work.

In this chapter, we argue that, in a period when the nation's economy is undergoing a rapid and fundamental transition as a result of which most employment growth will occur in skill-intensive and knowledge-intensive activities. This will require dramatic improvements in the skill-attainment of our labor force. Therefore, it is not sound economic policy to cut back on the public commitment to employment and training. We shall also argue that, no matter how rapidly the economy grows, there will always be many Americans who, because of handicaps, a poor education, racial discrimination, or because of living in an economically distressed neighborhood, cannot find a job without public intervention. Labor markets do not work efficiently, and a coordinated public employment and training policy is needed to overcome these barriers. In fact, we can argue for a federal employment and training policy on efficiency -- even supply side -- grounds. We should not regard these programs as social service subsidies. We cannot afford the fiscal cost of condemning the economically disadvantaged to welfare programs, the social costs of prolonged joblessness, and the economic costs of failing to meet the skills requirements of our growing industries. We shall also argue that, in spite of public criticisms, employment and training programs have been among the federal government's most successful economic development initiatives. However, we shall argue that there are many fundamental flaws in the present system that require a rethinking of the way we finance, administer, and deliver employment and training services. In the following chapter, we suggest an alternative structure for national policy that would overcome these problems.

THE NEED FOR A NATIONAL EMPLOYMENT AND TRAINING POLICY IS GROWING

It is no exaggeration to state that, today, the nation's economy is passing through an economic revolution easily as far-reaching as the first industrial revolution 150 years ago or as the mechanization of agriculture that changed our rural landscape 50 years ago. What we have called the "Technological Revolution" is transforming the way we live and work in ways that we can barely guess today and is creating a massive increase the need for skilled employees. Our present revolution is qualitatively different from our previous ones. Past revolutions were based upon inventions that extended the physical capacity of the human body many times over -- the steam engine could do the "work" of many men or horses, and the combine harvester could replace many laborers with scythes. Our present revolution is based on new technologies that extend the power of the brain -- a small computer can store more information and process it more rapidly than scores of clerical workers. We are moving from economic growth based upon increased capacity to process materials, to growth based upon increased capacity to process information.

The rapid rate of change in our economic structure — a very different process from rapid economic growth -- is a root cause of many of our present social and economic difficulties. Intolerable unemployment rates among uneducated and untrained members of the workforce, persistent pockets of poverty, slow productivity growth, and trade imbalances are a result of several fundamental changes in our economy. Among the most important are:

- A shift from goods production to service production;
- Changing world trade patterns;
- Rapid technological change.

These shifts have important implications for our future employment, education and training needs.

The Service Economy.

Services account for nearly 70% of all jobs in our economy and 65% of Gross National Product (see Figure 1). The service sector covers a wide range of activities, including retail, nursing, education, government, computer programming, and communications. In fact, a major growth area in the service sector is the not-for-profit sector which includes traditional health, education, social, and cultural services and also non-traditional activities such as community based organizations and research centers. Nearly 20% of the workforce is now employed in not-for-profit firms, compared with only 10% in 1950.

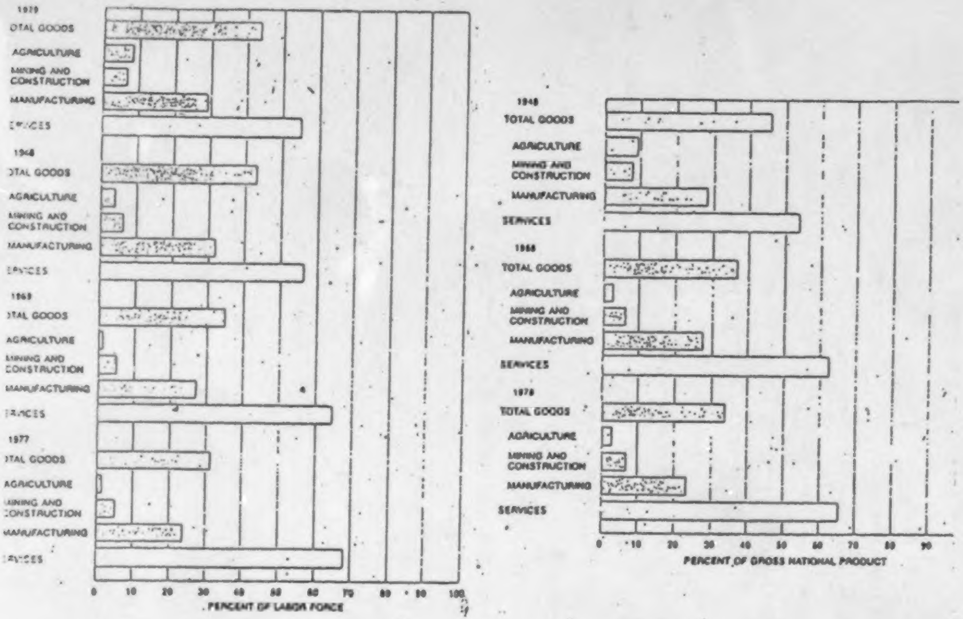


Figure 1: The Role of Services in the U.S. Economy

ource: Eli Ginsberg and George Vojta, "The Service Sector of the U.S. Economy," Scientific American Vol. 244, No.3, March 1981, pp. 48-55

The type of jobs that will be available in the next decade are changing. There will be reduced emphasis on skills that can be acquired on the job and a greater emphasis on higher, entry-level educational attainment. Of course, there are exceptions. In many parts of the nation there is a shortage of machinists, even in distressed labor markets. But these exceptions do not belie the basic point: if the economically disadvantaged -- the chronically underemployed members of the workforce -- are to participate successfully in the emerging service economy, then we must strengthen our employment, education, and training system. It is not the time to cut back on training and education assistance.

Changing World Trade Patterns

It is a basic principle of international economics that nations export those goods and services in which they have a comparative advantage -- that is, those commodities that they can produce relatively more cheaply than their trading partners. The U.S. has a comparative advantage in agricultural products, because of its rich endowment of arable land, and in human-capital intensive goods and services because it has the best educated labor force in the world.

Two factors are changing international trade patterns. First, less developed countries have expanded their manufacturing capacity. Second, trade has been made easier by reduced transportation costs, the growth of international financial markets, and the reduction of tariff barriers. The result is that imports and exports are an increasingly important component of national income. In 1950 we were virtually a closed economy, with exports and imports accounting for only 6.8% of GNP. Today they account for nearly 16%. During the same period, U.S. direct investments overseas rose from $19 billion to $377 billion, and foreign direct investment in the U.S. rose from $3.4 billion to $41 billion.

As trade has grown, domestic production of goods that do not require high level skills -- such as textiles, footwear, and apparel -- have declined and our needs are met by a growth of imports. The same is now happening for steel and automobiles. At the same time domestic production of goods requiring high skill levels and an intensive research and development component have grown.

Changing world trade patterns are, therefore, a major force propelling the U.S. toward a greater specialization in activities that require a highly educated and trained labor force.

Technological Change

The post-war period has seen several radical technological innovations that are only beginning to influence the way we work and live. Most important, the staggering reductions in the costs of storing and processing information brought about by the computer and micro-processor, coupled with equally dramatic reductions in communications costs resulting from digitalization, satellites, and fiber-optic cables, will, as we learn to adapt to their full potential, completely change the structure of industry, our retailing behavior, and our residential patterns.

They also change the type of labor skills and education that we require. Although many people predicted that the computer age would lead to massive "technological" unemployment, these futurists failed to see that the information we require in an increasingly complex and interactive society would multiply almost as rapidly as the computer was extending our data-handling capacity. Therefore, as we have replaced the rows of clerical workers tracking bank accounts, we have multiplied the numbers of computer programmers and word-processor operators keeping track of our complex financial transactions, and also created jobs where none existed — computer monitoring of office heating and cooling or of factory pollution, for examples. Sustained econcmic growth will require a rapid increase in the number of trained technicians to operate these new devices.

Implications for Employment and Training Policy

This brief review of our changing economy has revealed the massive challenge -- or series or challenges — that our entire education and training system faces. The "entry-level" requirements in the growing sectors of the economy effectively screen-out those without adequate education and training. In the past, as Eli Ginsberg has pointed out, the unskilled had access to "good jobs" — those offering high wages and some promotion opportunities — in the public sector and in manufacturing. But the desire to reduce taxes and spending at all levels of government has severely reduced the first avenue, and the prospects for significant growth of production jobs in manufacturing are dim. The service sector will offer many jobs, but the unskilled will be condemned to minimum wage jobs in the "consumer-service" sector — custodian, hotel maid, etc. -- unless they can acquire the necessary education to advance.

In view of the critical importance of investments in human capital, the Administration's emphasis on stimulating economic recovery by subsidizing the cost of investments in physical capital is decidedly short-sighted. Two-thirds of the value added in manufacturing is accounted for by labor costs. Capital costs account for only about 12% of value added. Federal, state and local taxes combined rarely total more than five or six percent. Yet, in spite of concern over declining rates of growth of labor productivity, national economic policy usually has been limited to investment tax credits and changes in income tax rates. Policies for sustained economic growth must be based upon the development of an effective employment, education and training strategy.

PUBLIC PROGRAMS ARE NECESSARY TO MEET THESE SKILL NEEDS

Many advocates of a reduced federal role in employment and training programs point to the columns of "want-ads" in newspapers. These columns, it has been argued, indicate that those who are not working do not wish to work. Yet many studies of want-ads -- including one by *Fortune* magazine -- have found that most of the jobs advertised require either specific training, relevant work experience, transportation, or all three. Many other listed jobs were not "real" jobs at all, but were placed for compliance with affirmative action requirements or "bait" to attract customers for proprietary job placement bureaus. The majority of those jobs that can be performed by the unskilled tend to be filled within 24 hours of the appearance of the advertisement. The want-ads argument provides no justification for reducing the public commitment to employment and training.

The mismatch between the jobs vacant and the numbers of people out of work do not result from laziness, inertia, or even incompetence among the unemployed. It results from the fact that labor markets and "markets" where skills are acquired do not always work efficiently.

The process of economic development is dynamic. New industries, new products, and new technologies replace old industries and old ways of producing goods and services. The economy must adjust to sudden changes in resource costs, trade patterns, consumer preferences, and real income. In labor markets, as in capital markets, this continuous adjustment means that resources must move among occupations, industries, and even geographic areas. When the appropriate shifts are not made, the nation experiences rising unemployment, labor bottlenecks, and acute distress in some cities or neighborhoods. The goal of economic policy -- of which employment, education and training must be an integral part -- must be not to prop up declining industries but to assist in the process of re-allocating resources from declining sectors to growing sectors.

We rely primarily on the market system to allocate resources among competing users. For the most part it works fairly well. However, during periods of very rapid economic transition, and for the economically disadvantaged, the market does not work well. We experience what economists call "market failure." To a non-economist, market failure may sound like a stock market collapse. It actually refers to the failure of the market to send clear signals to participants. Failures can occur for many reasons. Where information is costly or hard to obtain, vacancies remain unfilled and labor remains unemployed. For example, the unemployed automobile worker in Detroit may not be aware of future job opportunities as a machine tool operator or in die-casting, or of how to acquire the necessary training. A growing engineering firm in Silicon Valley may find it difficult to evaluate an applicant with qualifications from a distant and unfamiliar school. From the perspective of employment and training policy, there are several aspects of labor and training market failures that are important. They are described in some detail in Appendix A and are summarized below:

- Labor market barriers impose special hardships on the economically disadvantaged. Employers use informal labor market networks in screening applicants (to reduce hiring costs). The disadvantaged are excluded from existing information systems. They also lack familiarity with interview techniques, and with world-of-work skills.

- The tax structure (including the unemployment insurance tax) raises the cost of low income workers proportionately more than higher income workers.

- The geographic mobility of the economically disadvantaged is limited. Welfare eligibility is non-transferable among areas. Interregional job search costs and relocation costs are high. Even within an urban area, many jobs are only accessible to automobile owners.

- The structure of income transfer payments discourages labor force participation and training. Transfer payments promote unemployment and deter labor force participation rather than reward job-seeking or training. In fact, those receiving UI are often denied eligibility from training programs. Recipients of welfare, medicaid and food stamps face the highest marginal tax rate of any income group in the nation. Increased UI benefits have raised the duration of unemployment.

- Firms underinvest in non-job specific training. Because the recipient may leave to work for another firm, individual companies will not invest enough in basic skills training. The disadvantaged have not acquired these skills as part of their general education. Education and training is difficult for the disadvantaged individual to finance. While a small business can borrow from a bank to acquire physical capital, using the plant or equipment as collateral, someone wishing to invest in human capital has no such collateral. He or she must rely on the resources of family or friends. The tax system further discourages rational retraining decisions. A worker who foresees his or her plant closing and wishes to enroll in a private training program to acquire a skill relevant for a growing industry, cannot deduct the costs from taxable income. Only training related to the current job is deductible. It is as if we denied firms the right to deduct investments in R and D or new product development from corporate income.

- Participants in higher education and technical training courses do not have clear information on what skills and programs are in demand in their area. The familiar boom-bust cycle in the demand for engineers is one manifestation of a far-reaching problem.

The bottom line of this apparently abstract discussion is that regardless of how rapidly the economy grows or how committed private employers are to hiring those without the necessary skills and experience, the private sector cannot "do it alone." Businesses cannot invest sufficiently in the necessary training programs and still remain profitable. The rewards of the training investments -- reduced welfare payments, lower crime rates, and the benefits to the private sector of a better-prepared labor force -- are not reflected in the balance sheets of individual firms. The problem is particularly acute for small firms that are not large enough to develop their own "in-house" training and education programs. Firms employing fewer than 100 people are responsible for three quarters of the net new jobs nationally and nearly 100 percent in the Northeast. They are also responsible for introducing many new products and new technologies. Present employment, education and training policies are failing to meet the needs of this critical element of our national economy.

This does not mean that public employment, education, and training programs should be regarded as social programs. By emphasizing the need to improve the operation of the labor market we are focusing on economic efficiency. Employment, education, and training policy must be seen as central to overall economic policy, not as income maintenance (for those who cannot participate in the mainstream economy).

There is another, equally important, implication of this discussion. Many of the labor-market barriers we have identified do not originate from the way public employment, education, and training programs are designed. They are the result of the tax structure, the way income-maintenance programs are delivered, and of regulatory policies. If we are to develop an effective national employment, education, and training strategy, we cannot focus on CETA alone. This strategy must encompass all those programs and policies that shape the operation of the labor market -- including the tax structure, income transfers such as welfare and

Unemployment Insurance, apprenticeship and vocational education, primary, secondary, and higher education, and the employment service, as well as CETA and other public and private training and work experience programs. These programs are neither separate nor separable in their influence on the labor market. To try to solve problems by tinkering with one program while ignoring its symbiotic relationship with other programs and policies is like trying to make an automobile move faster by lubricating one wheel.

DO EMPLOYMENT AND TRAINING PROGRAMS WORK?

Many people seem to believe that employment and training programs do not work. Everyone has a favorite anecdote about "fraud and abuse," or waste. Yet there is very little evidence to support these contentions. It is important to understand the reasons for this "credibility gap" between image and reality.

In part the problem lays in the massive countercyclical public service employment program in CETA prior to its 1978 reauthorization (when eligibility requirements were not as stringent as they now are). Localities often used the funds to maintain their existing workforce. Critics became convinced that the programs was little more than an add-on to General Revenue Sharing. The image has endured even though the abuses have been largely eliminated.

But there are other, more fundamental, reasons for the doubts concerning CETA. Federal programs designed to help individuals are scrutinized much more closely than programs designed to assist corporations or jurisdictions.

Most evidence of the performance of CETA post-1978 points to a success that can be equalled or surpassed by only a handful of federal economic development programs. The Continuous Longitudinal Manpower Survey has found that CETA graduates, including PSE participants, experience annual earnings increases between $300 and $700, a fair return on investments of less than $3000 in training costs. The perception that CETA is an expensive program has arisen because many studies have included participants' stipends in program costs. These stipends are a transfer payment, often supplanting other forms of income support, and should not be counted in a cost-benefit calculation of CETA as a training program. Some measure of the success of CETA in overcoming labor market barriers is the fact that the same study found that participants from very low income households experienced larger increases in income (when compared with a peer group that did not participate) than did less disadvantaged participants.

In spite of these results, CETA is not favorably regarded as an economic development program because other programs -- tax incentives, development grants or direct loans -- are judged by much less rigorous criteria. CETA, in 1980, was an $8 billion program. They federal investment tax credit (ITC) was a $20 billion program. We hear that some CETA participants would probably have been trained or obtained jobs anyway. Yet, more than 95% of investment in equipment eligible for the ITC would have been carried out without the credit. We hear that many CETA trainees cannot find jobs or are trained in obsolete skills. Yet, we do not hear about the companies that received the ITC and invested in machinery and equipment that was obsolete, for products that did not sell, or the companies that went bankrupt.

PROBLEMS WITH PRESENT POLICY

In spite of its successes, present national employment and training policy is seriously flawed in ways that prevent it from meeting the basic objectives of providing industry with needed skills and of improving access to good jobs for the economically disadvantaged. These problems are:

- Erratic funding and fluctuating program goals, which have prevented long term planning, coordination, and the development of strong links with the private sector.
- The proliferation of many highly targeted programs, which has led to overlaps, duplication, and conflicts.
- Many individuals are denied access to any assistance because their incomes exceed some arbitrary eligibility cut-off by a few dollars. Those who are assisted are inaccurately stigmatized as being poor, unproductive and unmotivated.

- The roles of the federal, state and local governments are not delineated clearly, with the result that state administered education, training and social service programs are not, and cannot be coordinated with federally administered programs.
- The private sector is not effectively integrated into the planning, administration, and use of public training programs, with the result that many program graduates are unable to find jobs while industry faces critical labor shortages.
- Legislation and regulation have overburdened many training programs -- particularly CETA -- with the result that local innovation has been thwarted and flexibility impaired.

Funding Problems

Funding patterns under the Comprehensive Employment and Training Act (CETA) have been highly erratic. But the annual fluctuations in appropriations, detailed in Table 1, tell only part of the story of the harmful effects of funding practices on the administration of training services. In many years, local prime sponsors were not informed of their allocations until three or four months after the beginning of the fiscal year. The result is that prime sponsors have been unable to undertake any meaningful long-term planning activities, and are unable to enter long-term relationships with private firms or training subcontractors.

In addition to fluctuations in funding levels, there are also year-to-year changes in program emphasis and in regulations and requirements. The data in Table 1 illustrate the sudden increases and cutbacks in the Public Service Employment, especially between 1977 and 1980. This required local prime sponsors to switch from an emphasis on training the structurally unemployed for jobs in the private sector to an emphasis on creating jobs for the countercyclically unemployed for openings in the public sector -- during a period when the national economy was expanding rapidly and local governments were undergoing fiscal retrenchment. There has also been a growth in providing temporary jobs for youth which also diverts the staff of prime sponsors. Employment, education, and training programs cannot be torn down and rebuilt overnight. Quite apart from the time required to develop and learn administrative

Table 1

Outlays for CETA Programs
FY 1975-1981
(millions of $)

	1975	1976	1977	1978	1979	1980	1981[a]
Title II ABC (formerly Title I)	1,331	1,697	1,756	1,992	1,802	2,143	2,001
PSE							
Title II-D (formerly Title II)	519	544	496	995	1,756	1,902	1,560
Title VI	319	1,887	2,341	4,769	3,285	1,796	877
Subtotal	838	2,431	2,837	5,764	5,041	3,698	2,437
Title II - National Activities	198	250	262	301	544	503	440
Targeted Youth Programs							
YETP	-	-	4	294	556	696	759
YCCIP	-	-	-	60	103	122	132
YIEPP	-	-	-	32	77	88	26
SYEP	383	475	575	670	660	721	785
Job Corps	170	181	202	280	380	470	592
YACC	-	-	40	139	273	234	185
Subtotal	553	656	821	1,475	2,049	2,331	2,479
Title VII - PSI	-	-	-	-	9	187	312
Grand Total	2,920	5,034	5,676	9,532	9,436	8,862	7,669

[a] Estimated 1981 as of August 1, 1981

procedures, curriculum development, training instructors, and developing screening procedures are all time consuming processes. But even more important, building and maintaining the complex network of trainers, job developers, and private companies takes many years to complete.

There have also been more subtle shifts. Titles have been divided up with special set asides. Programs have been required to serve additional "target groups," new regulations, new application procedures, and reporting techniques have been added each time CETA goes through the annual appropriations process. Each of these changes absorbed staff time, and modified the local training "network."

There are similar problems at the state and local level, where the difficulties are compounded by non-coincident fiscal years, tax limitation referenda, and strong cyclical fluctuations in revenues. State and local fiscal difficulties have been met by deferred maintenance of public infrastructure and by the closing of non-mandated education and training programs. Stories of institutions shut-down in mid-year, programs hastily cut, and instructors laid-off are becoming all too frequent. During the 1970's, state and local governments have responded to fiscal difficulties by deferring maintenance of public infrastructure and by closing non-mandated education and training programs.

Finally, the way in which both CETA and ES resources have been allocated has rewarded local offices for the quantity of applicants served rather than the quality of service. Performance measures such as "cost per placement" and "percent positive terminations" have encouraged both systems to assist those easiest served, and have offered too few incentives to help the hard-to-train and the hard-to-employ or to consider the type of jobs filled by program participants. The fact that many ES offices and prime sponsors have given special attention to the neediest is a credit to local initiatives rather than to the system's design.

It is difficult to resolve these problems within the framework of annual appropriations at any level of government. Annual changes in appropriation levels are destructive to the effectiveness of the system. Annual changes in goals and program design are inappropriate because legislators have only a few months data and no evaluations upon which they can judge the efficacy of last year's changes.

In the training system, which involves major commitments by both the federal and state governments, the uncertainties of the annual appropriations process are especially disturbing. Many states must wait until spring or summer to respond to federal appropriations and program changes made the preceding fall. If we are to provide for a greater role for state governments within the federal system in employment and training policy, the annual funding of training programs is an unsuitable mechanism. The National Governors' Association has concluded that "funding for training and retraining must be placed on a more stable base than is allowed by the vagaries of the annual or even biennial federal appropriations process. Mechanisms should be established whereby a source of stable, dedicated funds are available."

Multi-year funding would offer some improvement. However, even if Congress makes multi-year obligations, actual appropriations can only be made on a year-to-year basis. Recent rescissions and deferrals and the past history of the program suggest that multi-year funding cannot provide much security to the system. The UI system provides a more relevant model. Unemployment benefits — financed through state trust funds — protect the worker from the traumatic loss of income that would otherwise accompany the loss of a job. Access to training, through a dedicated trust fund, would guarantee that the unemployed, poor, or underdeveloped would be able to gain or regain skills necessary to earn a living.

Duplication and Lack of Coordination

Employment and training programs have grown in an ad-hoc fashion. With each new diagnosis of what ails the national economy has come a new program, or the renaming . the economic status of the individual or local practices. Training is provided through even more numerous channels. The results of this fragmented structure are:

- There is needless duplication in programs and services. A CETA training program may replicate one offered by a nearby, state financed vocational education institution, for example. Resources are wasted as local prime sponsors and local Employment Service offices both pursue job placements with the same employers.
- Individuals requiring labor market services have no single place which can provide needed information on what services are available. UI recipients are prohibited from enrolling in training programs and ES offices rarely have adequate information about what training programs are available and what financial aid is offered.
- Coordination among different agencies is rendered difficult by conflicting eligibility requirements and by the fact that they are administered through systems that serve different jurisdictions. A CETA prime sponsor does not serve the same geographic area as the local vocational education system, or the local social service offices.

In an era of fiscal constraint, reform of employment and training policy must create incentives for better coordination and a better utilization of resources at all levels of government.

Eligibility Problems

The CETA system is narrowly targeted to the economically disadvantaged. While this "at risk" population requires special attention, and the 1978 CETA amendments did remove much abuse of the system, restricted eligibility creates two problems:

- First, many millions of low income workers are denied access to training programs because they earn too much to be CETA eligible but too little to be able to afford further education or training. They are condemned to ill-paid jobs with little hope of career advancement.
- Second, because CETA deals only with the economically disadvantaged, participants are stigmatized. Many potential employers refuse to deal with the CETA program because they believe that participants are unmotivated and unproductive. The failure of the CETA program to direct its training programs more effectively toward the needs of industry results, in large part, from its narrow focus.

If we are to create a trained labor force that provides industry with the skills it needs and to expand opportunities for the poor and low income individuals, national employment and training policy must serve a broader segment of the labor force, and involve the private sector more directly.

Intergovernmental Problems

The intergovernmental structure of employment and training programs is seriously flawed. There is no clear assignment of functional responsibility among federal, state and local governments -- only of responsibility for specific programs; funding comes from a variety of sources; and guidelines imposed from above are rarely appropriate to meet local needs.

A major problem is that the CETA system allows state governments only a minor role. The National Governors' Association has argued that:

> To bypass the states is in essence to ignore the governance structure which defines the education system, the criminal justice system, income maintenance programs, the UI programs, economic development activities and others with whom coordination is sought.

States finance more than 50 percent of the costs of public education and 90 percent of vocational education. They have a direct fiscal interest in an integrated system. Yet present federal regulations preclude parallel and coordinated Voc Ed and CETA systems.

Second, even at the local level, as the National Association of Counties has pointed out, the CETA system is fragmented between cities, counties, consortia of counties, and balance of state areas. In some cities, the county prime sponsor's office is located only a few yards from the city prime sponsor's office. Yet both are offering similar services. The artificial restriction of prime sponsors to cities, counties, or consortia of counties with a minimum population of 100,000 prevents the formation of prime sponsor areas that may correspond to small labor market areas. At the same time the "consortium bonus" in grant allocations has proved insufficient to overcome central city-suburban county political problems.

Third, states cannot coordinate their economic development and training activities with those of prime sponsors because they have only an "advisory" role outside the balance of state areas.

Finally, the extent of federal regulatory constrictions on local prime sponsors also makes state-local coordination difficult (see below). Instead of setting outcome goals and allowing states and localities freedom to select the appropriate ways to meet those goals, U.S. DOL has provided detailed regulations that govern "process" as well as "product." Yet Washington, D.C. is much less aware than states and localities of what local problems are and how they might best be tackled.

Reform of national employment and training policy must create a system that fosters cooperation not competition among federal, state, and local units, that recognizes the interests and expertise of these different levels of government, and that rewards innovation and state and local capacity-building.

Inadequate Private Sector Participation

Most training is undertaken by the private sector. Spending by private companies on education and training programs for their employees have been estimated at $60 billion, compared with about $15 billion by federal state and local governments. The role of the public sector is to assist those who will not be aided by the natural development of the economy -- the boats that will not be floated by a rising tide. But the public programs must be fully coordinated with private sector activities and needs if the graduates are to get permanent, unsubsidized jobs. Unfortunately, in most areas, productive links between Voc Ed, CETA and private firms have not developed.

There have been a number of programs designed to increase private sector involvement in the training process in recent years -- STIP, HIRE, PSIP and PICs. However, these programs tend to use the "cream" of the economically disadvantaged -- those easiest to employ. This is natural and appropriate -- the private sector must be involved in ensuring that the "nearly-job-ready" are given the necessary training and experience.

However, we must carefully consider the role of the private sector in serving the disadvantaged. The experience of PSIP should serve as an example. In some areas, PICs and prime sponsors have worked together, or PICs have taken the lead, and the result has been more effective and responsive training programs. However, the successes have not been the result of mandated infusion of private sector authority provided by CETA Title VII, but the product of a long-incubating process through which public-private relationships are developed at the local level.

The present elevated role of the private sector through Title VII combined with the absence of any responsibility and liability conferred on operational PICs, has led to a system that is intrinsically adversarial. Private firms are reluctant to cooperate with the CETA system because of the ill-defined role of the private sector in Title VII and from the commonly perceived stigma associated with CETA.

A more direct funding mechanism would increase private sector participation. The National Governors' Association has recommended funding training programs through employer and employee dedicated taxes because "such a mechanism would cause employers to 'buy into' the system and turn to it to meet their labor force needs; employees would benefit from stabilized resources for training as skill demands shift."

Excessive Regulation

The CETA system is notoriously burdened by excessive regulations. The 1978 amendments -- a reaction to the fraud and abuse paranoia -- are largely responsible for the regulatory straitjacket that now binds prime sponsors. In order to allow for local flexibility and initiative, many of these stifling and unnecessary restrictions imposed by the CETA statute and by U.S. DOL actions should be eliminated in the reauthorization process. The thousands of regulations and field memoranda than have emanated from Washington have emphasized process over product.

We must discard those regulations that impede the delivery of effective employment and training services, and retain only those that ensure consistency between the actions of prime sponsors and the objectives of the national employment and training policy. Particular attention should be given to:

- Regulations that limit the use of CETA funds on income generating projects. These preclude primes from using participants to develop services and enterprises that might eventually become self-sustaining. Examples include transportation services for low-income workers; day care centers; waste recycling facilities in distressed neighborhoods. In an age of local fiscal constraint, such activities represent a viable alternative to local public funding of services. And we should Recognize that training the disadvantaged for jobs should not preclude offering entrepreneurship opportunities.
- Rigid regulatory definitions of training categories and the percentage subsidy that accompanies them. These should be relaxed in order to allow local prime sponsors to tailor programs to meet local employment opportunities.
- Excessive administrative requirements imposed on prime sponsors. Quarterly reviews and verification of eligibility duplicate other reports, for example.
- Regulations that limit the reimbursement of private employers for On-the-Job Training (OJT). Current regulations that limit reimbursement to 50 percent are an unnecessary restriction. A sliding scale starting at 100 percent may prove a more flexible tool.
- Regulations governing the conditions under which stipends are offered to program participants, and requirements that stipends be paid at the minimum wage rate, reduce program flexibility and raise costs.

In general, the role of the federal government should be to set broad program objectives and to leave the design of administrative details and programs to state and local governments. To these administrative functions, should be added the basic fiscal function of supporting programs to aid the economically disadvantaged. The federal government has a basic role in income redistribution and must support that component of employment and training services that are provided to the poor. This assumes that the poor are assisted and also that the burden of that assistance is shared by all Americans.

CONCLUSION

Inspite of these weaknesses, we should repeat that there are many aspects of the

CETA system and the other components of present programs that are effective. In general, CETA investments in training are cost effective. The prime sponsor and PIC networks have developed contacts with thousands of effective training, counseling and placement institutions and with hundreds of thousands of private employers. The placement institutions and with hundreds of thousands of private employers. The challenge we face is not how to re-invent a nationwide training system. It is how to incorporate the parts of the present system that do work within a rational overall framework within which the various public and private agencies and institutions face incentives to operate effectively and equitably. And the reform of the system must be accomplished with little increase in total public spending.

The primary objective of employment and training policy should be the full utilization of the nation's human resources. This is a necessary part of a program for national economic recovery -- sustained economic growth requires complementary investments in both physical and human capital. This broad objective can be translated into three major goals:

- Ensuring that employers have access to an adequately trained and educated workforce and the institutions necessary to retrain or enhance employee skills when necessary.
- Ensuring that all employees and those in search of employment have have access to placement, education, and training services necessary to secure full-time employment in jobs that offer prospects for career improvement.
- Minimizing the work-disincentives implicit in income transfer programs.

The following chapter describes an alternative national employment and training system that meets these goals and avoids many of the problems inherent in present policies.

3. TOWARD A NATIONAL EMPLOYMENT, EDUCATION, AND TRAINING POLICY

The preceding chapter outlined the goals of a national employment, education, and training policy, and the strengths and weaknesses of present programs. This chapter presents an alternative that embodies major reforms of the funding and administrative structure of programs providing employment, education, and training services, but maintains those elements of the present system that have been proved effective in years of serving the needs of employers and employees. The first section provides an overview, and the following sections describe elements of the policy in more detail.

OVERVIEW OF A NATIONAL SYSTEM

The national employment, education, and training system proposed in this chapter would set up a Job Development Administration (JDA) that would assume the functions of CETA, the Employment Service (and other training programs such as WIN and youth programs), and the provision of labor market information, and the financing of the Vocational Education system. JDA would be jointly administered by the federal and state governments. The program would be funded by employer and employee contributions into an Employment and Training Trust Fund (analogous to the UI system). Individuals would receive the type of broad labor market services available from the present CETA and ES systems, but the JDA structure would guarantee access to employment and training programs to a broader section of the workforce through vouchers and greatly increase the participation of private employers in the training system.

The main features of the proposed system covered in the following sections are:

- Financing;

- Administration and Service Delivery;
- Access to Services.

FINANCING THE JOB DEVELOPMENT ADMINISTRATION

At the core of the proposed national employment, education, and training strategy is a job development payroll tax (JDT) that would raise $18 billion in FY 1983 to finance the Job Development Administration. (For a discussion of why a payroll tax is used see Table 2.) This new tax represents no new net spending or increased taxes. JDT would replace the $18 billion spent from federal and state general revenues on CETA, USES, Vocational Education, WIN, TJTC, other training incentives and programs and labor market information functions.

The JDT would be a nationwide tax of 1.50 percent on the first $20,000 in gross annual earnings for each employee — 1.00 percent paid by the employer and 0.50 percent paid by the employee.[1] The employee could credit 75 percent of the tax paid against federal personal income tax -- so that the maximum increase any individual would face would be less than 50 cents a week. The employer could offset 30 percent of the tax as a credit against federal corporate income taxes, and 30 percent against state business taxes.[2] The present federal component of the FUTA tax used for administration of UI and support of the federal and state ES system ($3.2 billion) would be gradually reduced over three years reflecting the transfer of Employment Service functions to the JDT. In effect, the JDT replaces general revenue funding of employment, training and labor market activities at both the federal and state level. The JDT revenues would flow directly into trust funds and not be an "on-budget" item. However, the federal government would still control expenditures under the system by setting the tax rate and hence total revenues. State UI trust funds would remain intact.

During the first two years of the program, ten percent of the gross JDT revenues collected from employers and employees in the state and the federal portion of FUTA would be set aside in State Emergency Reserve Funds. These could only be drawn down

Table 2

Arguments for Using a Payroll Tax to Finance the Proposed Job Development Administration

The proposal for an additional payroll tax (on top of FICA, FUTA and workmen's compensation) may seem surprising and counter-productive in that it will raise the cost of labor. However, there are compelling arguments to justify the tax in the form in which it is proposed here.

- It is administratively simple. The necessary information and procedures are already in place.

- It is, in essence, a "user tax" paid for by those that benefit from the system. Employers will enjoy the advantages of a better-trained and more productive workforce, and employees will experience the higher wages and increased employability that effective training provides.

- The dedicated tax will provide those paying with a sense of ownership in the system which, coupled with an increase in private sector participation in the administration of the JDA system will lead to much greater cooperation between public and private systems.

- Since most of the tax is offset as a credit against existing taxes, and since the federal part of the FUTA tax will be phased out, the proposed tax represents little net increase in the burden of payroll taxes. In fact, as the system will realize administrative savings over the present system, and as employment, education, and training programs will be more directed to private sector needs, the actual cost of labor will decline.

during severe recessions (identified by a state "trigger") unemployment rate). States would have to develop measures to ensure: 1) that the "trigger" was only pulled in 12 months out of 48; and 2) that during other months, the emergency fund was replenished. Each year, unspent funds from state and local programs would be returned to the respective state's emergency reserve fund. These emergency reserve funds will create an automatic countercyclical component to serve the increased demand on the system during economic downturns.

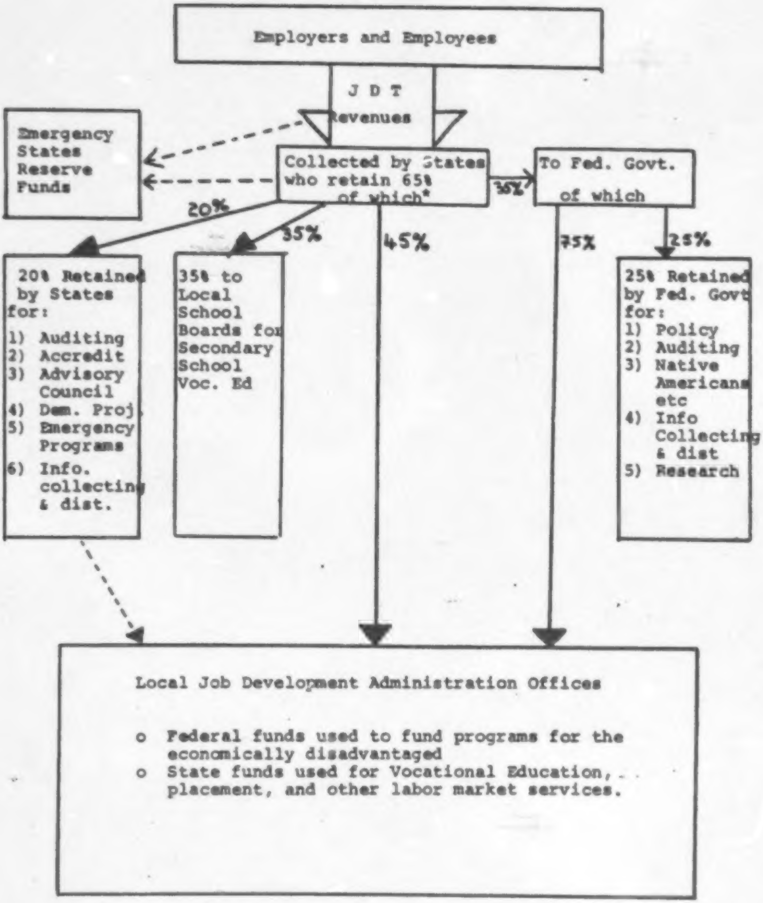
Distribution of Funds

The JDT revenues would be split -- with 35 percent going to the federal Job Development Administration and 65 percent going directly to State Job Development Trust Funds (the system is represented diagrammatically in Figure 2). States that wished to increase their spending on employment and training activities could supplement the basic JDT,[3] with 100 percent of the additional revenues flowing directly into their own trust funds. The state supplement could either be an appropriation from general revenues to the trust fund or an addition to the payroll tax.

The 35 percent federal portion of revenues collected would be used for two purposes: to support federal-level functions (discussed below) and to ensure access, at the local level, of economically disadvantaged persons to JDA services. (The reasons for federal involvement are listed in Table 3.)

Seventy-five percent of the federal revenues would be allocated directly from the federal government to local Job Development Administration offices and could be used only to provide services to the economically disadvantaged (essentially, the present CETA Title II-eligible population). These federal funds would be used to pay for 90 percent of the costs of providing services including placement, remedial educaton, employability development, training, and counseling to eligible participants, supplemented by a ten percent state match.

Figure 2


Employers and Employees
J D T
Revenues
Emergency
States
Reserve
Funds
Collected by States
who retain 65%
of which*
36%
To Fed. Govt.
of which
20%
35%
45%
75%
25%
20% Retained
by States
for:
1) Auditing
2) Accredit
3) Advisory
Council
4) Dem. Proj
5) Emergency
Programs
6) Info.
collecting
& dist.
35% to
Local
School
Boards for
Secondary
School
Voc. Ed
25% Retained
by Fed. Govt
for:
1) Policy
2) Auditing
3) Native
Americans
etc
4) Info
Collecting
& dist
5) Research
Local Job Development Administration Offices
o Federal funds used to fund programs for the
economically disadvantaged
o State funds used for Vocational Education,
placement, and other labor market services.

*The allocations of state resources would not be federally mandated and are intended as an example, not a federally legislated procedure.

Table 3

Purpose of Federal Allocations under the Proposed Job Development Administration

The federal government is involved in financing the functions of local JDA offices for three reasons:

- To ensure that the economically disadvantaged are served. Because the federal funds can only be used to meet the service requirements of the disadvantaged, their allocation of federal funds ensures that state and local systems will maintain and even expand those services or risk losing substantial federal allocations.
- To ensure that "high need" areas have adequate resources to serve their disadvantaged population. The funds would be allocated among local offices according to need (the local unemployment rate, number of welfare recipients or per capita income, for example), much like the present funding of CETA. Thus an area that experienced either cyclical or structural decline which would reduce trust fund revenues while increasing demands on the system, would be ensured some "protection" through increased federal allocations.
- To ensure that the federal government has information from each local JDA office from which to compile nationwide data on labor market needs, program performance.

This federal portion would be allocated by formula directly to local JDA service delivery areas. This formula would be based upon measures of need -- the number of unemployed and the incidence of poverty, for example -- similar to the procedure used to allocate CETA funds to prime sponsors. The balance (25 percent) of the federal portion would be used for the functions described in the next section.

This financing system would offer several advantages. The secure funding system would avoid year-to-year fluctuations in budgets. This would allow long-term planning. The funding would also be automatically countercyclical -- building up reserves in the Trust Funds during periods of low unemployment to provide training and education services when economic growth slowed.

ADMINISTRATION AND SERVICE DELIVERY

The Federal Role

Five principal federal-level activities would be supported by the 25 percent federal funding portion (that portion of federal revenues not distributed to local JDA offices):

- Setting overall employment and training goals and performance standards;
- Administration of employment and training programs for native Americans, immigrants and migrant farm workers.
- The collection, processing, and distribution to states of national labor market information. This would include (NOICC and BLS functions):
  - Estimation of national, state and local unemployment rates;
  - Estimation of national, state and local employment data by industry and occupation;
  - Projections of occupational needs in the future;
  - The development of a national job vacancies data bank.
- Research and evaluation on employment and training issues. The results would be distributed to state JDA agencies. The federal JDA would act as a clearinghouse for relevant material.
- Monitoring and auditing of state JDA operations to ensure that performance goals were met and that funds were spent on eligible activities and participants (see below).

The State Role

A State Job Development Board shall receive and administer JDT revenues paid into the trust funds for four purposes: 1) to rebuild emergency reserves (see below); 2) to distribute to local high schools for secondary school vocational education and for programs for high school drop-outs; 3) to local JDA offices for service delivery and local program support; 4) to pay for the state administered operations described below. The allocation procedure would be designed by the State JDA Board in consultation with local JDA offices and in compliance with overall federal guidelines.

The State Job Development Board would be responsible for:

- Setting state employment and training goals and performance standards;
- Monitoring and auditing of local JDA offices to ensure compliance with federal funding regulations and state requirements;
- Accrediting training programs; collecting and disseminating data on placement rates and average earnings of graduates from all public and proprietary training programs;
- Collecting, processing and distributing labor market information;
- Administration and finance of the State Advisory Council on Vocational Education, Employment and Training. This Council would be comprised of: state, county and city elected officials; administrators of education, economic development; social services, and employment and training agencies; private companies; and of local JDA boards. It would: act as a clearinghouse on information on vocational education, employment, and training issues; evaluate local programs; coordinate the activities of local JDA boards; prepare an annual report on state employment and training issues;
- Funding demonstration projects in local JDA offices or joint programs with other state agencies (Education, Business Development or Social Services for example);
- Funding emergency relief programs for localities affected by closing of major plants, or other economic dislocation.

The State JDA system would be administered by a Job Development Board. This Board made up of 15 members with non-coincident terms, and appointed by the Governor would include:

- Four heads of State agencies responsible for labor, education, and social services;
- Five representatives of private industry;
- Two representatives of labor;
- Two representatives of community based organizations;
- Two local government officials.

The Board would appoint an executive staff. Functions of The State Employment and Training Council and State Advisory Council on Vocational Education would be subsumed under the State JDA Board.

The State JDA Board would be responsible for performing the direct state functions identified above, determining the procedure through which state funds are allocated to local JDA offices, and for ensuring the financial integrity of the Employment and Training Trust Fund. It would do so in much the same way that it ensures the integrity of the UI Trust Fund, i.e., by either increasing the tax rate or by changing benefit eligibility and benefit levels within broad federal guidelines. The federal government would make it clear that it would provide no "bail-out" to funds that experienced a deficit. The zero-interest rate loans provided by Washington to UI funds during the 1970's delayed the making of sound adjustments. This escape valve would not be offered to Job Development Trust Funds, although the reserve funds would provide a countercyclical cushion.

States would have considerable flexibility in designing the administrative system for carrying out their responsibilities and for allocating state funds to support local JDA service delivery systems. The system and procedures used would be a result of policies developed by the State Job Development Board, in compliance with federal guidelines and in consultation with local JDA Boards (which are described under "Local Role," below). Following is an illustrative example of how the system _might_ operate. The structure would be state designed and not federally mandated:

Of the state JDA funds distributed each year, 45 percent could be allocated among local JDA offices to pay for eligible labor market activities including the ten percent state match for services to the economically disadvantaged. Thirty-five percent could be allocated among local high school boards through the local JDA offices to pay for vocational education in secondary schools, under a formula that ensured that, in the first three years, no school would receive less than it would have received under previous state financing mechanisms. The funds could also be used to assist in the financing of special education and training programs for high school drop-outs. The control involvement of the local JDA offices in funding all employment and training programs would ensure that local schools did not duplicate programs offered by community colleges, the local JDA office directly, or local vendors in the JDA system.

Post-secondary vocational education would be financed primarily through the 45 percent state funds flowing to local JDA offices (through the voucher redemption process described below).

The primary delivery and coordinating mechanism for employment and training services would be the local JDA system. This would, in effect, integrate the local CETA prime sponsor offices and the ES offices. Over time the structure of the local network would evolve in two ways:

- First, in the second year of the JDA system, federal funds distributed directly to the local JDA offices would contain a ten percent bonus for county-wide JDAs. In the third year, states would also be required to provide a ten percent county-wide bonus. After the fourth year, no sub-county JDA system would be eligible to receive either federal or state funds. The purpose is to minimize the wasteful competition between city and county systems and to encourage the development of JDA the development of JDA "jurisdictions" that correspond to labor market areas. This larger system would also correspond more closely to social service and education jurisdictions, which will remove a major barrier to coordination among the three systems.

- Second, the "100,000 population" minimum (used under the CETA prime sponsor system) will be removed for consortia of counties. This will allow the administratively cumbersome "Balance of State" system to be replaced by sets of consortia that correspond to small labor market areas but would have equal administrative standing with other local JDA systems.

Each local JDA system will be governed by a board that would parallel the State JDA Board. It would include: local elected officials (city and county), local social service and education administrators, private industry, labor, and citizens at large. This board will appoint the Executive Director and staff of the local JDA system and approve expenditures. This will ensure responsiveness of the system to local needs, and a more direct involvement of the private sector.

Functions of Local JDA Offices

Most of the functions and responsibilities of local JDA offices have already been mentioned. They include:

- Information
  - Job Vacancies (local, state, national);
  - People seeking work (skills, experience);
  - Available education and training programs;
  - Occupational needs (data and projections);
  - Referral to support services (day care, transportation, etc.).
- Placement
  - Screening, aptitude testing;
  - Counseling (assistance with resume preparation); interview techniques, job clubs, etc.);
  - Tax credit eligibility certification (state and federal);
  - Contracting for special placement services.
- Mandated Services
  - Services for veterans and the handicapped;
  - UI check distribution and eligibility verification;
  - Foodstamp work requirement;
  - Planning and coordinating local JDA activity.
- Education and Training
  - Linkages with high schools through career counseling and secondary school Voc. Ed. curriculum development;
  - Approving private sector training programs including apprenticeship;

- -- Voucher processing;
- — Placement of individuals in and contracting for remedial Ed., Voc. Ed., OJT and other accredited training programs;
- -- Accrediting training programs and institutions eligible for voucher participants;
- -- Designing new education, apprenticeship, and training programs to meet business needs, where not available;
- -- Administering or contracting for special training services where not available from existing institutions to meet the need of specific client groups for employability development.

o Job Development and Creation

- -- Developing subsidized work experience programs with public agencies, not-for-profit corporations and with private industry;
- -- Developing new enterprises to provide jobs and training for the economically disadvantaged;
- -- Community economic development activities.

The local JDA offices should not be seen as a duplication of efforts undertaken by local community colleges, high schools, social service offices, or those community based organizations that have provided many of the services under CETA. It is, essentially, a mechanism that ensures that all these efforts are coordinated and that duplication is avoided. The local JDA office would be able to contract with existing institutions and agencies to provide services for its client population -- but only if the contractors have provided services effectively and if they do not overlap with those offered by other potential contractors. The local JDA office is a conduit through which almost all employment, education, and training funds would flow, and would have the staff capacity and the administrative flexibility to evaluate contractor performance, and develop innovative, performance-based contracts.

JDA staff would include not only CETA and USES personnel (if deemed appropriate by the local board), but may also include personnel "out-stationed" from local high school boards, social service offices, and higher education institutions (under contract to JDA).

ACCESS TO SERVICES

The local JDA system will provide the full range of job development, employment and training services now provided by CETA and ES and would provide a "single-intake" point for everyone (employers and employees) requiring labor market services. A major advantage of the JDA system is that it would provide a much broader access than the present system but would maintain a special emphasis on groups most in need of service: the disadvantaged and unskilled population and the working poor. At the same time through a system of tax credits and vouchers, the displaced worker and the middle income worker in need of retraining or skill upgrading would be served. Access to the system would be through traditional CETA and USES mechanisms as well as through earned voucher credits and graduated in terms of economic need. Employer participation would also be strengthened. In addition to participating on the JDA Boards, employers can access the funding mechanism for training of their existing employees as well as for new workers.

"Access" of different segments of the labor market would be:

- o Employers. All private sector firms would have access to the system in the following ways:
  - — To fill job vacancies. The JDA would offer a local, statewide or nationwide listing of job vacancies (depending upon the company's wishes), and screening of applicants.
  - — To finance "in-house" training programs. Companies could offer training programs to their employees which, if approved by the local JDA Board, could be financed through employee vouchers (see Tables 4 and 5).
  - -- Employment and training policy. Through their role in the local JDA boards, companies could assist in identifying future training needs, designing new training initiatives, and in ensuring that education, employment and training programs operate to meet private sector needs.
  - -- When hiring for a job requiring either "in-house" or institutional training, an employer would seek a potential employee with a voucher. This would be done through the JDA office. Each new hire would therefore be more valuable to the employer.
- o UI Recipients. These individuals would have access to the following services:

Table 4

Eligibility for Education and Training Vouchers

One of the most significant innovations within the JDA system is the guaranteed access of the working population to education and training programs through the accumulation of credits toward an "education and training voucher." These vouchers could be used by the individual to pay for any accredited education or training program, offered by public or private institutions or firms. However, it should be stressed that a disadvantaged or unemployed individual does not have to have acquired a voucher in order to be entitled to labor market services from the local JDA office. The vouchers are a system that broadens access to education and training programs and allows greater freedom for individual choice.

Credits would be accumulated in the following ways.

1) Employment. For each month worked at an annual salary (full time equivalent) of $10,000 (or below) $50 would be earned. For each $1000 in additional annual equivalent salary, the monthly credit would be reduced by $5. Those earning above $20,000 would earn no credit but would be able to deduct the cost of education and training programs taken, even if not related to their present job, from their taxable income. Part-time employees would receive a pro-rated credit toward a voucher.

2) Unemployment (UI eligible). For each month of unemployment when drawing UI benefits, a $50 credit would be earned.

3) Welfare recipients. Recipients of AFDC and General Assistance who are employable would be eligible for a voucher of $2500. The cost of redeeming those vouchers used by welfare recipients to finance training programs would be met from the federal funds allocated to local JDA offices.

4) Disadvantaged Youth. New entrants to the labor market from households earning less than 125 percent of the lower living standard would be eligible for a voucher. If they used it, they would "repay" it by earning no credits during their first three years of working.

Table 5

Use of Education and Training Vouchers

1) Maximum Value. The maximum value of a voucher that an individual can accumulate is $2500. Beyond that, each additional month worked or month unemployed would earn no additional credits.

2) Frequency of Use. An individual may not undertake another voucher supported education and training within five years of completion of voucher supported education or training.

3) Minimum Value. Individuals may not "cash in" accumulated credits to pay for approved training until they have accumulated a minimum value of $750.

4) Eligible Activities. The vouchers could be used to defray or pay for the cost of education and training activities at any accredited public or private institution. In addition, a private employer who wished to offer employees a training or education program that would substantially upgrade their jobs (with measurable outcomes including increased salaries, fringe benefits, career ladders, etc.) could offer an "in house" training program or contract with a local training institution and have the cost paid for by employees "cashing-in" their accumulated vouchers. In this way, all companies could reduce the cost of human resource development. JDA approval of the training program would be required.

5) State and Local Initiatives. State and local governments would be free to modify the voucher system in several ways to meet local needs. For example, the state could identify "priority" occupations for which an additional $250 in voucher value (supplemented from state funds) would be offered.

6) Co-payment. The voucher could be used to pay only 90 percent of the tuition and related expenses of a training or education program. The remaining ten percent would be paid by the individual or the employer. This "co-payment" would serve the same function as co-payment in health insurance -- that is to avoid wasteful use of the program and to ensure full commitment by the employer or employee.

7) Geographic Transferability. Accumulated credits and vouchers would be geographically transferable in the same way that UI benefits are transferable.

- -- Unemployment benefits. UI checks would be distributed through the JDA system.
- -- Labor market information. The unemployed would be provided with information on present job vacancies, education and training programs, and also on anticipated future occupational needs.
- -- Training. Those drawing UI who have been permanently separated would be eligible to use accumulated vouchers (see Tables 4 and 5) to enroll in education and training programs.
- -- Counseling. UI recipients would be eligible to receive screening, testing and career counseling.

o Similar Income Workers. Low income workers will have access to services similar to the unemployed (except for UI benefits). All workers earning less than $20,000 would, unlike the present CETA system, have access to training through the voucher system described in Tables 4 and 5. Training is, therefore, an earned entitlement.

o The Economically Disadvantaged (CETA Eligible). In addition to the services for low income workers, the disadvantaged would also be eligible for programs (including training programs) for which vouchers would not be required:

- -- Direct placement in subsidized employment. These jobs would include work with special not-for-profit enterprises, with public agencies, and subsidized private sector jobs.
- -- Special remedial education, "world-of-work," and job funding assistance.
- -- Relocation assistance.
- -- Temporary transportation assistance.

Note that all welfare recipients would receive vouchers (Table 4).

o All Individuals. All workers, regardless of income would have access to:

- -- Listings of all job vacancies — local, state and natinoal — according to occupation.
- -- Information about all available education and training programs.
- -- Data on past, present and future occupation earnings and openings data and predictions.
- -- The ability to take a credit against personal income taxes of 25 percent of the cost of tuition fees of an accredited education or training program.

488A

The JDA system provides a single intake point for all those requiring services, from information to extensive training. It would also ensure much closer cooperation with private industry.

The voucher system outlined above would make the employment and training system much more response to the demands of individuals and companies. This will lead to much greater competition among public and private institutions in attracting "paying customers." This would require some institutional adjustments. During the first 15 months of the new system only welfare recipients would be granted vouchers. During this period JDA funds would be used to continue institutional support for Voc. Ed. institutions and programs and during the following year the number of individuals eligible to "cash in" their vouchers would steadily increase. This would provide institutions with the "breathing space" to adapt to a more demand-responsive function.

Accountability

The system of accountability would be from local JDA systems to states to the federal government. The state agency administering the JDA system would audit local offices to ensure that funds were spent on eligible individuals for appropriate activities. They would also evaluate the performance of the offices to ensure that they were meeting program objectives such as: serving the economically disadvantaged; training individuals in priority occupations; meeting the needs of priority industries; coordinating with social service agencies; serving target neighborhoods, etc. Local JDA offices would be responsible for paying for audit disallowals. Also, local offices that failed to meet performance goals would receive a reduction in their state allocation in the following year.

Similarly, the states would be audited by the United States Department of Labor (which would include spot-audits of local offices) to ensure both compliance with legal requirements and attainment of performance goals. States that failed to meet federal goals would face two sanctions. first, failing states would face a matching rate of 15 percent rather than 10 percent of the service costs to the disadvantaged. Persistent failure would lead to a 5 per cent reduction in federal allocations to all local JDA offices within the state.

CONCLUSION

Private sector participation would be greatly enhanced because the integration of SESA, CETA and Voc Ed would remove the stigma associated with CETA; because private employers would use the JDA to fill job vacancies; and because private firms would draw upon the JDA financing for their own, in-house, training programs.

The interests of the disadvantaged would be protected by the separate federal funding of JDA services. The unified system provides a single intake point for all those requiring employment or training services -- from UI recipients to welfare recipients requiring remedial education. It would be a much more effective clearinghouse of relevant information. Needless federal regulation of delivery mechanisms, eligible activities and recipients would be obviated. The system would encourage an integrated approach to the employment and training system and avoid duplication by clearly delineating the functions and responsibilities of federal, state and local governments.

FOOTNOTES

[1] $20,000 upper limit would be inflation-indexed. Not-for-profit institutions, since they cannot take advantage of the offsetting tax credits, would pay a tax rate equal to one third of the rate paid by for-profit companies.

[2] The state offset would be a requirement for state participation in the system. In states that did not participate, the federal share of the tax would still be imposed.

[3] In addition to these criteria, the employees (who would participate voluntarily) would have to receive the training away from their workstations and not engage in their normal, day-to-day productive activities. In effect, the company is "contributing" the stipend for its workers (their wages and salary) while they pay (through the voucher) for the direct training costs such as instruction, materials, and equipment.

[4] All accredited institutions would include universities, community colleges, technical institutions — both public and private.

APPENDIX

LABOR MARKET BARRIERS

The purpose of employment and training policy must be to reduce or abolish barriers to successful labor market participation. If there were no barriers, there would be no structural unemployment. A worker rendered jobless by the decline of an industry, would move into another occupation which foresight had allowed him or her to prepare for in advance. But markets do not operate in this way. Uncertainty, less than perfect information and relocation costs impede the constant process of adaptation.

This Appendix reviews these barriers.

Market Failure and Development Policy

Labor is allocated among competing employers through markets. The purpose of the market is to send signals to the participants to indicate when they need to change their behavior and to indicate the direction of the appropriate change. The employer who fails to fill vacant slots is receiving a signal to raise wages. A job seeker who fails to find employment is receiving a signal either to seek elsewhere or to reduce expectations.

When markets work well, the right signals are sent out and the economy responds rapidly to changes. That does not mean that no firms close down, or that no-one is out of work. Innovative young firms introduce new products and new production techniques that replace older firms. Increasing energy costs lead to a decline in the output of energy intensive products, and shifts in transportation patterns. Yet markets do not work well. In fact, economists have traditionally defined the need for public intervention in the economy in terms of the causes of market failure:

- Imperfect Information. The unemployed worker does not know where there are job openings, or the investor does not have enough information to assess the viability of a project.
- Transactions Costs. The cost of relocation may prevent an unemployed worker moving to a growing labor market.

- Non-Constant Returns to Scale. An economic activity — such as job-referred service -- may be cheapest if performed nationwide, yet no single private company can capture these economies. For example, no single company can capture all the benefits of a nationwide job information system.

- Externalities. An activity that generates "spill-over" benefits that do not accrue to those paying for the activity will not be undertaken at an optimal level. For example, a firm will be reluctant to pay for non-job-specific training for an employee because that employee can leave for another company.

- Second-Best. An imperfection in one market will lead to imperfections in related markets. If capital is denied to high risk enterprises, then the level of employment in the high-risk neighborhood will suffer.

- Public Intervention. Collecting taxes or regulating economic activity will distort the operation of markets. For example, taxing income discourages labor force participation. Regulating minimum wages reduces the number of low-wage jobs.

For many purposes this classification is useful. Yet, several relevant "failures" or barriers to development are missing or incompletely specified. The market failure concept is too static. Most "failures," are defined at deviations from the ideal (and totaly unrealistic) model of perfect competition, which is a model of static not dynamic efficiency. In a dynamic market economy, there will be a tendency for market imperfections to diminish since some entrepreneurial types can profit from providing a good or service that remedies the fault. If the failure persists then it must have some functional role in maintaining the market system as a dynamic system, in which case the term "failure" is inappropriate. But this presumes a supply of entrepreneurs to develop these new products, and that these entrepreneurs do face incentives to bridge market gaps. Persistent failures signify either a lack of entrepreneurs or that public intervention is acting as a barrier to development.

The second major failing of the simple market failure analysis is its implicit suggestion that the best way to foster development is to remove all impediments to the "normal" functioning of a market economy. This assumes not only that all development resources are bought, sold, and produced in private markets but also that the latter are self-organizing and self-perfectable. Rather than reflect further on the unreality of this viewpoint, let us specify some additional barriers to the dynamically efficient creation and utilization of resources for development:

- Lack of entrepreneurship.
- High costs of adjustments; i.e., costs of increasing the supply of critical resources, such as highly skilled or educated labor, sophisticated machinery, entrepreneurship, energy, information, or land.
- Uncertainty. The anticipation of potential government action can increase the level of uncertainty.
- Institutional rigidities; e.g., the impediments in bureaucratic behavior.
- Lack of capacity:
  - institutional,
  - human resources.
- Lack of integration or coordination among key parts of the economic or political systems.

These factors may explain why development falls short of potential. Some of them appear to be merely public in nature and some private, but most involve some sort of interaction between the sectors. We can see how these barriers are implicated in the case of each major resource.

The process of economic development in an advanced economy is characterized by an increasing complementarity between human and physical capital — a broadening and deepening of the demand for the "capital" rather than the "labor" component of human resources concomitant with the broadening and deepening of the physical capital stock. In recent years, demand for labor has been growing fastest in those occupations that require longer periods of training or education. Furthermore, as Thurow points out, learning-on-the-job is in several respects the most significant part of labor training. Thus, a prime concern of economic development strategy should be the removal of barriers to the mobility of the labor force — among occupations, industries and areas. This is a central concern also from the standpoint of innovation, technical progress, and increased productivity. Thurow (1975, 1980) demonstrates how the latter are partly contingent upon labor's receptivity to technical change and the quality of learning that goes on within firms and the latter, in turn, are contingent upon job security and the lack of wage competition. Daniels and Kieschnick (1978) also point out that, given shortcomings of the labor markets, one cannot expect the capital markets to work appropriately, either. One reason is that investment in new technologies is contingent upon how fast firms can "move down their learning curves," which depends on the on-the-job learning of the workforce. Let us briefly review some of the barriers to the efficient operation of the labor market.

Lack of Information. Inadequate or inaccurate information are chronic labor market problems. Programs to create job information banks and placement services attest to the depth of public concern. Labor markets include both the markets for skills (between labor and employers) and the markets for training (between labor and institutions that provide training). Thurow argues that the former markets work reasonably well while the latter operates poorly. An individual employee does not know what training will place him or her in the best competitive position. Yet, increasing the supply of some skills may take many years.

Transactions Costs. Advertising, screening, and job-specific training are expensive activities. Regulations such as affirmative action have added to these costs. These costs are especially high when hiring the economically disadvantaged, for the employer has little employment history or informal network information on which to base the decision. These costs are reflected in the tendency of employers to "hoard" labor during recessions and to employ those who can be screened through the recommendation of current employees or through other employers. The combination of imperfect information and transactions costs reduce the flexibility of the labor market to adjust to structural change, and for a tendency to exclude the disadvantaged from contention.

Legal Constraints. Regulations and laws governing minimum wages, OSHA, and affirmative action requirements may actively discourage employers from hiring the unskilled and encourage the substitution of capital for labor in order to reduce costs and the possibility of legal action.

On the other hand, the regulatory structure may inadequately define an employer's responsibility. For example, the incentives for the private sector to retain and retrain potentially "redundant" workers may be insufficiently strong. The longer a firm can expect to retain an employee, or the higher the costs of termination, the more likely the firm will provide more OJT and see the development of the firm's human resources as an integral and important part of doing business. This means that a greater portion of the costs of adjustment can be internalized within the business sector.

Taxes. There are many aspects of the tax structure that impede labor market adjustment, beyond the basic disincentive toward labor market participation inherent in the personal income tax. Human capital, unlike physical capital, cannot be depreciated, although the skills of a computer programmer become obsolete almost as rapidly as the machine he or she operates. Education or training costs that are not related to an employee's present job are not tax deductible. The failure to relate Unemployment Insurance premiums actuarially to the use of benefits penalizes low-turnover firms and subsidizes high-turnover firms. Volatile companies adjust labor forces rather than inventories. The fact that UI premiums and Social Security payments are not based upon full salary or wages raises the cost to the employer of low-wage relative to high-wage workers. Of course, some of these barriers have been partially overcome. Some companies do subsidize education programs for their workforces, and encourage "skill-updating." But these benefits are not available everywhere.

Uncertainty. This is the greatest impediment to any form of investment, and a major aim of an employment and training strategy should be to reduce uncertainty. From the standpoint of policy, however, security is not the opposite of uncertainty. An economic development strategy should not be designed to secure people and firms in then current positions but to enable them to form rational expectations about the future. The erratic nature of public policy often contributes to uncertainty rather than ameliorating it. Workers may be discouraged from seeking alternative employment if they believe a public "bail-out" of their industry is imminent.

Constraints on Mobility. The structure of transfer payments and other factors have created barriers to the effective redeployment of labor. Unemployment Insurance and Trade Adjustment Assistance benefits have resulted in prolonged duration of unemployment (Feldstein, 1976; Ehrenberg and Oaxaca, 1976). Individuals hold out longer and are less inclined to seek extensively for alternative employment opportunities. Welfare payments are not geographically transferable.

In addition, laid-off workers may have heavy investments in their homes as well as accumulated skills. But these investments are illiquid. Relocation allowances, reverse mortgages and other schemes need far more attention than they have yet received. Of course, policies that help to deal with transactions costs, other adjustment costs, and lack of information will be instrumental here, too.

Finally, labor market policies illustrate how poorly we recognize what is more relevant from research knowledge and how poorly we use what we know. Although Theodore Shultz and Arthur Lewis were recently awarded the Nobel Prize in economics for specifying the importance of embodied human capital in the economic development of underdeveloped nations, the significance is only beginning to be recognized for local development policy in the U.S....and "econcmic development" programs run along separate tracks, although they are truly joint products in an interactive, dynamic sense. Any economic enterprise creates two products: One is a product or service for sale and the other is trained labor. Investment in human resources is as much a form of investment and is as instrumental to economic development as investment in structures and equipment. So, labor training can be used to build up business enterprise just as the expansion of business enterprise helps create trained labor. A strategy to link employment, education, and training programs with economic development programs should recognize this interaction (see Brennan and Keefe, 1980).

Mr. WEISS. Thank you, Mr. Vaughan.

Mr. HAWKINS. May I ask Mr. Vaughan, with respect to the criteria you have developed, in what way, other than turning the money over to the Governor, would the administration's proposal conform to any of the criteria that you mentioned, either in terms of integration, the inclusion of education, taking care of those who may have obsolete skills?

Mr. VAUGHAN. The administration does nothing for the person who has become unemployed with obsolete skills.

Mr. HAWKINS. What about the administration's bill? Would you agree with favoring the Governor of the State, even to the exclusion of the legislature of the State?

Mr. VAUGHAN. I agree with the concept of a council, a State council, not merely in an advisory capacity but actually controlling the program. I believe that could integrate education, social services, department of labor, the various factors.

Mr. HAWKINS. Does it necessarily do that?

Mr. VAUGHAN. I believe that ultimately, perhaps, some reform would be needed which is completely missing in the administration's bill. The council, as an administrative structure, would be a tremendous advantage, if they incorporate state advisory commissions, et cetera, bringing all those functions into one body.

Mr. JEFFORDS. It looks like an excellent piece of work. I certainly agree with most of what you have said. I know of laws similar to that. Would you differentiate as to where the responsibilities lie regarding basic skills, job skills, and job search?

Mr. VAUGHAN. I do not believe that these training funds would be used to finance basic skills. That is a public sector or much broader function.

Mr. **Jeffords**. These will come from business to be used in increasing productivity?

Mr. **Vaughan**. It is not just business that comes through; employers and employees alike. In my proposal, you are really bringing into a single uniform funding system, a lot of programs. I would offer a partial credit to offset the cost of the employee-employer taxes. It is a relatively small increase and not borne by low-income workers.

Mr. **Jeffords**. Would you allow any credit for business?

Mr. **Vaughan**. Yes. In my detailed paper, I submit business could use these funds for training programs in-house. I do not believe it is possible to fund and finance a rational employment training system if you have to go through the vagaries of year-to-year appropriations. I don't believe we should do it.

Mr. **Jeffords**. I think that is similar to the German system.

Mr. **Vaughan**. Yes.

Mr. **Weiss**. The only thought I have on that issue, Mr. Vaughan, is whether we are having great difficulties now with the social security system. I guess you could say that when you put another tax on employers and employees, you are likely to get further revulsion and rejection.

Mr. **Vaughan**. Our alternatives to finance the trust funds, you could have tax on imported oil, gasoline tax, anything that would channel resources into trust funds that makes the State level pay for employment, education and training programs. I don't believe you can talk about a rational system for less than $20 billion a year, which is about $5 billion more than we are spending now, because that includes vocational education.

Mr. **Weiss**. It is a provocative idea.

Mr. **Hawkins**. On page 16, you say a mechanism should be established whereby a source of stable, dedicated funds that are available. I assume you anticipate, in the next few paragraphs, an end to the unemployment insurance system, rather than the appropriations process, which is highly unstable. However, I think all the proposals, with the exception of the administration's, would continue.

Mr. **Vaughan**. I would hope next year you could consider financing it.

Mr. **Hawkins**. Under the administration's proposal, it is anticipated that that would be phased out, that you won't even get the appropriation.

Mr. **Vaughan**. Elsewhere, I have commented on the New Federalism. I do not believe any form of New Federalism in any way sheds the basic functional responsibility for funding income labor.

Mr. **Hawkins**. I hope the National Governor's Association understands it.

Mr. **Vaughan**. That has long been their position as well.

Mr. **Weiss**. Thank you.

Our next panelist is Dr. Roscoe Brown.

Dr. Brown, you may proceed with either a summary, highlighting your statement or whichever way you find it most effective to deliver your testimony.

STATEMENT OF ROSCOE BROWN, JR., CHAIRMAN, NEW YORK CITY EMPLOYMENT AND TRAINING PLANNING COUNCIL AND PRESIDENT, BRONX COMMUNITY COLLEGE OF THE CITY UNIVERSITY OF NEW YORK

Mr. **Brown.** Let me make a brief presentation, first of all.

Mr. **Weiss.** Your entire statement will be entered into the record.

Mr **Brown.** We have a number of things to go along with our statements and I will highlight some of those as we go through.

Essentially, we want to indicate one of the main things we are concerned with in the Employment and Training Planning Council is the whole question of preserving the delivery system. We feel that the New York State CETA program, in recent years, has operated relatively well, and has been effectively administered. We feel that the council itself has learned a number of lessons which we have put into effect and, also, we feel we have developed a delivery system that is one which should be retained.

We have three specific points to make: First has to do with the continuity of involvement of community based organizations and local government bodies in program planning and implementation. The second has to do with the importance of a broadly inclusive local planning and advisory body to help plan, monitor, and oversee the system at the local level.

The third has to do with the use of performance standards in monitoring these programs.

I will discuss each one briefly.

In terms of the continuity of delivery systems of CBO's and local government agencies, as I indicated, over the past 10 years, we think we developed an effective delivery system, particularly here in New York State. The results show up in quantitative measures. All participants get jobs. When we look at those that actually complete training, it is close to 90 percent. The foundation, which the rest of the delivery system must depend on for its effectiveness, may crumble and disappear over the next 2 months, not because of any intention to dismantle it, but simply through failure to maintain continuity between the present delivery system and whatever new structures will emerge.

Where we have funding gaps, you lose staff. When you lose staff, you lose some of your most experienced people. It is difficult to reassemble staff when new funding is made available.

We feel the local prime sponsor system has worked very well. The government agencies, particularly New York State Department of Employment, has worked with the Planning Council, and our relationships with the Department of Labor, the Regional Office, was quite good. We believe we could accept a system, but we did not want to create a new system of fiscal and programmatic accountability to replace the present network of prime sponsors in such a short period of time that could very well lead to years of turmoil.

Second, with regard to advisory structures, we feel that a great deal has been gained by virtue of participation of community-based organizations, business and government in the planning. As you know, the way in which we have worked is we get that preliminary plan. We evaluate it and respond to it and give specific discussions.

According to the legislation, they must respond to those, not necessarily agree, but at least give us some response as to why they have not accepted our recommendations. This has worked out very well.

In many instances, we have changed our view in terms of the way we looked at planning. In many instances, the department of employment has changed theirs. This has been particularly effective during the period when we are downsizing. We would have been in great trouble. We note the legislation is suggesting that the Private Industry Council, in this modified version, serve as the consultant agency. We have no objection to this. We feel that the community-based organization should be included in the new structure and, in fact, many of them, including myself, have participated in the PIC here in New York. I question, however, the role of the PIC in approving programs, sharing their approval with the prime sponsor while holding the prime sponsor accountable in fiscal matters could cause serious management problems. I think we need to look at that.

I know the bills under consideration do differ on this. I don't feel the PIC should have company approval responsibility for the prime sponsors. Whatever mechanism develops should function very much as a PIC is operated, to provide consultation and get feedback in terms of recommendations, but not to have the approval that creates administrative nightmares.

With regard to performance standards, we have been working with them in New York State for sometime. We learned the delivery system will respond to whatever importance standards are set for it. During the preceding days the rate was 20, 30, and 14 percent, and the percentage of high school dropouts in the programs was between 60 and 70 percent. Under CETA, the New York State contracting tied full funding to the program's placement rate and cost per placement. Under placement rates, classroom programs actually doubled. The enrollment of high school dropouts in these programs were cut in half, to those most in need.

Once continued, funding was tied to meeting placement goals, to take very many chances on people who were likely to be difficult to place. That is one of the things we have to be concerned about. Creaming. Getting people in the programs so we can meet your performance standards. TBC has long maintained it must be evaluated in the light of other factors, like the characteristics of the trainees; reading levels, previous employment history, et cetera.

In our judgment, it is the Department of Labor, relationships between the performance rate and the participation characteristics, and the local economic environment or any single measure of importance in evaluation—these are some aspects of the proposal which we are particularly concerned with. Rather than going into a detailed analysis, we have appended several pages of specific references.

We would like to highlight a couple of points. In general, Congressman Hawkins' proposal is more in line with our thinking than the others, with some explanation. We think the most important place for interagency coordination is to take place at the local level, rather than at the State level. The reason for this is that the local level has no understanding of what those interagency relationships are. In a State as large as New York, where we have New

York, Rochester, Albany, and Buffalo, overall interagencies, it would be much better if the prime sponsor, under general overseeing by the State, would be able to take this responsibility.

We think that stipends should not be eliminated as Senator Quayle's bill would indicate. Stipends are absolutely essential, particularly in terms of the lower income population, getting them into training, the training network, and holding them into the training network. As a matter of fact, it is one of the things that helps them to keep coming back and raise the performance standards.

We think a somewhat higher income eligibility standard contained in either bill should be used. People whose family incomes fall just above the level set at 70 percent of the Bureau of Labor Statistics. The 10-percent allowance for nonincome eligibility participation is a good idea. We feel it should be set at a level at 85 percent of the Bureau of Labor Statistics. The reason for this is we want to catch those people just above that who are interested in moving into the labor market and could really benefit. Even if the 10 percent was built on an 85 percent, it would be a little better.

We would like to see greater flexibility at the local level for the resources devoted to youth. The 50-percent stipulation in one of the bills gives a certain degree of problem because in many instances it is the people who we are dealing with who might not fall into the youth category, but maybe just above that. Recognizing the importance of youth, we just don't want a rigid requirement on that.

As I said, there are persuasive arguments on both sides of these issues. The one thing we want to underline is the need for continued community-based organizations, and the desirability of continuing them.

I will be glad to answer any questions you have. We have two addenda to present for the record.

[The prepared statement of Roscoe Brown follows:]

Prepared Statement of Roscoe C. Brown, Jr., Chairman, New York City Employment and Training Planning Council and President, Bronx Community College of the City University of New York

LET ME START BY THANKING THE COMMITTEE FOR THIS OPPORTUNITY TO TESTIFY ON BEHALF OF THE NEW YORK CITY EMPLOYMENT AND TRAINING PLANNING COUNCIL (ETPC). NEW YORK CITY'S ETPC HAS LONG BEEN ONE OF THE MOST ACTIVE CETA PLANNING COUNCILS, AND HAS PLAYED AN IMPORTANT ROLE IN ASSISTING THE CITY'S DEPARTMENT OF EMPLOYMENT TURN NEW YORK CITY'S CETA PROGRAM INTO ONE OF THE BEST IN THE NATION. GIVEN THE MAGNITUDE OF THE CITY'S PROGRAM - WITH ALLOCATIONS RUNNING INTO THE HUNDREDS OF MILLIONS OF DOLLARS PER YEAR, THE FACT THAT IT HAS BEEN RELATIVELY WELL-ADMINISTERED AND EFFECTIVELY IMPLEMENTED IS NO SMALL ACHIEVEMENT.

THE LESSONS LEARNED BY NEW YORK CITY'S ETPC MEMBERS THROUGH OVER MORE THAN A DECADE OF PARTICIPATING IN THE PLANNING AND EVALUATING THE RESULTS OF THE CITY'S CETA PROGRAM ARE IMPORTANT ONES, AND I AM GLAD FOR THIS OPPORTUNITY TO SHARE SOME OF THEM WITH YOU.

I MUST CONFESS TO BEING A RELATIVE NEWCOMER TO THE WORLD OF CETA, THOUGH MY INVOLVEMENT WITH THE RELATED FIELD OF HIGHER EDUCATION GOES BACK MANY YEARS. I WAS APPOINTED BY THE MAYOR TO THE CHAIRMANSHIP OF THE ETPC TWO AND ONE

HALF YEARS AGO. FROM WHAT I HAVE OBSERVED, MUCH OF THE CRITICISM CETA HAS RECEIVED IN THE PRESS AND IN CONGRESS HAS BEEN OVERLY NEGATIVE IN TONE, AND HIGHLY SELECTIVE IN CONTENT. CERTAINLY, THE VERY SIZE AND DIVERSITY OF A PROGRAM AS LARGE AND COMPLEX AS CETA MAKE GENERALIZATIONS DIFFICULTY. BUT I HAVE OBSERVED BOTH THE PLANNING AND THE IMPLEMENTATION OF CETA'S "DELIVERY SYSTEM" IN THE NEW YORK CITY FIRST HAND, AND I BELIEVE THAT THERE ARE MANY ASPECTS OF THIS DELIVERY SYSTEM WHICH SHOULD BE PRESERVED IN ANY FUTURE PROGRAM DESIGN.

THREE OF THE FEATURES OF THE PRESENT DELIVERY SYSTEM THAT I WANT TO STRESS ARE:

(1) CONTINUITY OF THE INVOLVEMENT OF COMMUNITY-BASED ORGANIZATIONS (CBO'S) AND LOCAL GOVERNMENT BODIES (CITIES AND COUNTIES) IN PROGRAM PLANNING AND IMPLEMENTATION.

(2) IMPORTANCE OF BROADLY INCLUSIVE LOCAL PLANNING AND ADVISORY BODIES TO HELP PLAN, MONITOR AND OVERSEE THE SYSTEM AT THE LOCAL LEVEL.

(3) USE OF PERFORMANCE STANDARDS IN MONITORING PROGRAMS.

LET ME ADDRESS EACH OF THESE ITEMS BRIEFLY BEFORE GOING ON TO HIGHLIGHT SEVERAL OTHER ISSUES WE FEEL ARE IMPORTANT FOR YOU TO CONSIDER.

(1) CONTINUITY OF DELIVERY SYSTEMS OF CBO'S AND LOCAL GOVERNMENT AGENCIES.

OVER THE LAST 10 YEARS, THE PROFESSIONALS IN THE CETA DELIVERY SYSTEM HAVE DEVELOPED THE EXPERTISE REQUIRED TO RUN EFFECTIVE PROGRAMS. THEY HAVE LEARNED WHAT WORKS BEST WITH THEIR PARTICULAR SEGMENTS OF THE TARGET POPULATION. THEY HAVE DEVELOPED EFFECTIVE SYSTEMS OF PLANNING OF FISCAL ACCOUNTABILITY AND PROGRAM OPERATIONS, AND ARE NOW PERFORMING EXCEEDINGLY WELL GIVEN THE DIFFICULTY OF THE TASK WHICH THEY ARE ASSIGNED. THE RESULTS SHOW UP IN QUANTITATIVE MEASURES - CLOSE TO 70% OF ALL PARTICIPANTS IN NEW YORK CITY TRAINING PROGRAMS GET JOBS, AND THE FIGURE IS CLOSER TO 90% WHEN YOU LOOK ONLY AT THOSE WHO ACTUALLY COMPLETE THEIR TRAINING. THE FOUNDATION WHICH THE REST OF THE DELIVERY SYSTEM MUST DEPEND ON FOR ITS EFFECTIVENESS, MAY CRUMBLE AND DISAPPEAR OVER THE NEXT 2 MONTHS - NOT BECAUSE OF ANY INTENTION TO DISMANTLE IT, BUT SIMPLY THROUGH FAILURE TO MAINTAIN CONTINUITY BETWEEN THE PRESENT DELIVERY SYSTEM AND WHATEVER NEW STRUCTURES WILL EMERGE.

WHEN THERE ARE GAPS IN FUNDING CYCLES, EVEN THOUGH THERE IS EVERY INTENTION BY THE FUNDING SOURCE OF CONTINUING

A PROGRAM, THE MOST ABLE PROFESSIONALS OFTEN LEAVE. IT OFTEN TAKES MANY MONTHS FOR AN ORGANIZATION TO RECOVER ITS EFFECTIVENESS AFTER SUCH A GAP IN FUNDING, AND SOME FIND IT IMPOSSIBLE TO RECREATE AS EFFECTIVE AN OPERATION AS THEY ONCE HAD. A SIX MONTH GAP IN FUNDING, WHILE THE CETA IS BEING "CLOSED OUT" AND WHATEVER FOLLOWS IS BEING "GEARED UP" MAY SEEM INSIGNIFICANT AT THE NATIONAL POLICY LEVEL. BUT IT COULD TAKE YEARS FOR THE TOTAL DELIVERY SYSTEM TO RECOVER FROM FAILURE TO PROVIDE FOR CONTINUITY OF EXPERIENCED PERSONNEL.

MUCH THE SAME CAN BE SAID FOR THE NEXT LEVEL OF PROGRAM ADMINISTRATION - THE LOCAL PRIME SPONSORS. DURING THE LAST SEVERAL YEARS IN NEW YORK CITY, THE OVERALL ADMINISTRATION OF EMPLOYMENT AND TRAINING PROGRAMS HAS BEEN THE MOST EFFECTIVE SINCE CETA'S INCEPTION. THIS HAS BEEN THE CASE DESPITE A SUDDEN DECREASE IN THE AMOUNT OF FUNDS AVAILABLE TO OPERATE AND ADMINISTER CETA PROGRAMS. THE RECENT STRESS ON ACCOUNTABILITY, MONITORING AND PERFORMANCE INDICATORS, TOGETHER WITH THE PROCESS OF LEARNING FROM MISTAKES AS WELL AS SUCCESSES, HAS PRODUCED A CORE OF SEASONED ADMINISTRATORS IN CITIES AND COUNTIES WHOSE EXPERTISE SHOULD NOT BE LOST IN THE RESTRUCTURING OF EMPLOYMENT AND TRAINING PROGRAMS.

IN SHORT, WE NOW HAVE A SYSTEM THAT WORKS. REPLACING THE U.S. DEPARTMENT OF LABOR'S REGIONAL OFFICE BY STATE

LEVEL OVERSEERS WILL NOT DO GREAT DAMAGE TO THE SYSTEM. BUT TRYING TO CREATE A NEW SYSTEM OF FISCAL AND PROGRAMMATIC ACCOUNTABILITY TO REPLACE THE PRESENT NETWORK OF PRIME SPONSORS IN SUCH A SHORT PERIOD OF TIME COULD VERY WELL LEAD TO YEARS OF TURMOIL. I URGE YOU TO CONSIDER THESE POINTS BEFORE YOU CHANGE THE PRESENT PRIME SPONSOR AND DELIVERY SYSTEM.

(2) ADVISORY STRUCTURES. THE PRACTICAL KNOWLEDGE GAINED FROM EXPERIENCE THAT RESIDES IN THE COMMUNITY-BASED DELIVERY SYSTEM NEEDS TO BE INCLUDED IN THE LOCAL PLANNING AND POLICY-MAKING SYSTEM. I NOTE THAT MOST OF THE NEW BILLS WOULD REPLACE THE PRESENT EMPLOYMENT AND TRAINING PLANNING COUNCILS AND YOUTH COUNCILS BY SOME MODIFIED VERSION OF THE PRIVATE INDUSTRY COUNCIL. NEITHER I NOR THE NEW YORK CITY ETPC HAVE ANY OBJECTION TO THAT. PERSONALLY, I SERVE ON THE PIC AS WELL AS THE ETPC, AS DO A NUMBER OF OTHER ETPC MEMBERS. THE EXPANDED ROLE OF THE PRIVATE SECTOR, BOTH BUSINESS AND LABOR, THAT THE PIC REPRESENTS IS CERTAINLY WELCOME. WE ARE GLAD TO SEE THAT THE COMMUNITY-BASED ORGANIZATIONS ARE ALSO LIKELY TO BE INCLUDED IN THE NEW STRUCTURE, WHICH IS ALREADY THE CASE IN NEW YORK CITY. I QUESTION, HOWEVER, THE ROLE OF THE PIC IN APPROVING PROGRAMS. SHARING APPROVAL WHILE HOLDING THE PRIME SPONSOR ACCOUNTABLE ON FISCAL MATTERS COULD CAUSE SERIOUS MANAGEMENT PROBLEMS.

(3) Performance Standards. The New York City ETPC has been struggling with the question of appropriate performance standards for some time now. We have learned that the delivery system will respond to whatever performance standards are set for it - but not always in the ways intended by planners.

During the pre-CETA days of MDTA, the job placement rate from classroom training programs in New York City was between 30 and 40%, and the percentage of high school dropouts in the program was between 60 and 70%. Under CETA, the New York City prime sponsor instituted a system of performance contracting that tied full funding to a program's placement rate, and cost per placement. Under this new contract requirement, placement rates in classroom training programs actually doubled - but the enrollment of high school dropouts in these programs was cut in half, thus decreasing opportunities for those most in need. Once continued funding was tied to meeting placement goals, training organizations could no longer afford to take very many chances on people who were likely to be difficult to place. The ETPC has long maintained that placement rates and cost per placement must be evaluated in the light of other factors, especially the characteristics of the trainees.

In our judgment, the Department of Labor is on the right track with "adjustable" performance standards, based

ON THE ACTUAL RELATIONSHIPS BETWEEN PERFORMANCE RATE, PARTICIPANT CHARACTERISTICS AND THE LOCAL ECONOMIC ENVIRONMENT. WE WOULD ENCOURAGE THAT DIRECTION, RATHER THAN FALLING BACK TO ANY SINGLE MEASURE OF PERFORMANCE, HOWEVER ATTRACTIVE IT MAY SEEM.

THERE ARE SOME ASPECTS OF THE PROPOSED LEGISLATION THAT THE NEW YORK CITY ETPC IS PARTICULARLY CONCERNED WITH. RATHER THAN GO INTO A DETAILED ANALYSIS OF WHAT WE SEE AS THE STRONG AND WEAK POINTS OF THE PARTICULAR PIECES OF LEGISLATION NOW BEFORE CONGRESS, I HAVE ATTACHED A COPY OF OUR DETAILED RECOMMENDATIONS TO MY WRITTEN STATEMENT.

IN GENERAL, CONGRESSMAN HAWKINS' PROPOSAL IS MORE IN LINE WITH OUR THINKING THAN SENATOR QUAYLES', THOUGH WE COULD SUPPORT SENATOR QUAYLES' BILL WITH SOME CHANGES IN IT. FOR EXAMPLE, WE THINK THAT THE MOST IMPORTANT PLACE FOR INTERAGENCY COORDINATION TO TAKE PLACE IS AT THE LOCAL LEVEL - RATHER THAN AT THE STATE LEVEL AS CONGRESSMAN HAWKINS' BILL PROPOSES. ON THE OTHER HAND, WE THINK THAT STIPENDS SHOULD NOT BE ELIMINATED AS SENATOR QUAYLES' BILL WOULD DO.

WE THINK THAT A SOMEWHAT HIGHER INCOME ELIGIBILITY STANDARD THAN IS CONTAINED IN EITHER BILL SHOULD BE USED.

WE HAVE SIMPLY FOUND TOO MANY POTENTIAL PARTICIPANTS WHO WOULD BENEFIT FROM TRAINING BUT WHOSE FAMILY INCOMES FALL JUST ABOVE THE LEVEL SET AT 70% OF THE BLS LOWER LIVING STANDARD. THE 10% ALLOWANCE FOR NON-INCOME ELIGIBLE PARTICIPANTS IS A GOOD IDEA, BUT SHOULD BE APPLIED TO A LEVEL SET AT 85% OF THE BLS FIGURE, IN OUR OPINION.

WE WOULD ALSO LIKE TO SEE GREATER FLEXIBILITY AT THE LOCAL LEVEL TO DETERMINE WHAT SHARE OF TOTAL PROGRAM RESOURCES SHOULD BE DEVOTED TO YOUTH THAN IS PRESENT IN EITHER OF THE TWO BILLS. I AM SURE YOU WILL HEAR PERSUASIVE ARGUMENTS ON BOTH SIDES OF ALL THESE ISSUES, AND I HOPE THAT YOU WILL BE RESPONSIVE TO THE NEED FOR CONTINUED INVOLVEMENT OF COMMUNITY BASED ORGANIZATIONS AND THE DESIRABILITY OF CONTINUING THE LOCAL PRIME SPONSOR SYSTEM.

THANK YOU FOR THE OPPORTUNITY TO PRESENT MY VIEWS AND THOSE OF THE NEW YORK CITY ETPC.

NEW YORK CITY
EMPLOYMENT AND TRAINING PLANNING COUNCIL
250 CHURCH STREET, ROOM 607, NEW YORK, N.Y. 10013

ROSCOE C. BROWN, Jr.
Chairman

DONALD W. MENZI
Executive Director

Final 2/18/82

NEW YORK CITY ETPC RECOMMENDATIONS ON EMPLOYMENT AND TRAINING POLICY ISSUES

1. WHAT SHOULD BE THE OBJECTIVE OF EMPLOYMENT AND TRAINING PROGRAM?

The basic objective should be the investment in human resources to increase the productivity and utilization of the local labor force, with a goal of maximizing the placement of trainees in unsubsidized jobs. The means to this end include:

a) Training in specific job skills;
b) Employability development, including attitudinal, behavorial and basic educational skills (reading, math and communication).
c) Work experience activities especially for those who have no previous contact with "real life" employers' expectation, including work experience in the private sector.

This goal provides a basis for relating employment and training programs to local economic development activities, by seeking to strengthen one of the key factors (labor) in employers' location decisions.

2. WHAT ARE THE MOST EFFECTIVE PROGRAM DESIGNS OR MODELS?

The broad categories of classroom training, on-job-training, work experience, (and other subsidized employment) job-search assistance, are all effective in preparation for employment in the competetive labor market.

Different participants may benefit from different approaches, and some may need more than one type of service. There should be provisions for movement from one program to another under an individual employability plan leading to unsubsidized employment.

3. WHAT WOULD BE THE MOST EFFECTIVE DELIVERY MECHANISM?

The present administrative system based on local elected officials as prime sponsors should be retained.

The local government (municipal or county) should be responsible for negotiating and administering contracts and holding contractors accountable for their performance.

4. ADVISORY COUNCIL

There should be only one advisory council in each local area. The council should be broadly constituted and include equal proportions of equally important elements of the employment and training process: business, labor, government, community-based organizations and participants. The local planning/advisory body should be appointed by the chief local elected official. Its role should include participation in the development of plans, review and approval of local plans, and monitoring program performance.

5. YOUTH ADVISORY SUB - COMMITTEE

Youth and youth programs should continue to have a distinct voice within the advisory body, through a youth committee or similar group modeled after the present CETA Youth Council. This committee should include, in addition to members of the larger body, agencies experienced in operating youth programs as well as involve the NYC Youth Board.

The purpose of this committee will be to bring to bear, on policies and programs designed for youth, the practical experience gained from years of dealing with the special needs of youth and young adults.

6. TARGETING: HOW CAN WE ASSURE THE MOST EFFECTIVE USE OF SCARCE RESOURCES?

Reduced funds should not be spread even more thinly through a greatly expanded eligible population. Eligibility for services should include a maximum income limit, set no higher than 85% of the Bureau of Labor Standards Lower Living Standard.

There should be an allowance for a limited number of individuals (no more than 10 percent of the total) to exceed the income limit.

Funds should be allocated to local prime sponsors on the basis of their proportion of the total eligible population.

7. WHAT IS THE APPROPRIATE ROLE OF THE PRIVATE SECTOR?

Local business and labor should be involved in planning, program design and implementation.

Time-limited subsidized private sector work experience, with safeguards against displacing unsubsidized workers should be encouraged.

Business and Labor should be adequately represented on the planning/advisory body, which should have the authority to approve local program plans.

Both the analysis of employer needs and requirements and the needs of the eligible population should be taken into consideration in designing employment and training programs.

Private-for-profit firms should continue to be encouraged to take advantage of the targeted Jobs Tax Credit.

8. WHAT SORT OF INTERRELATIONSHIPS AND COORDINATION MECHANISMS SHOULD BE CONSIDERED FOR THE BROADER HUMAN SERVICES COMMUNITY?

The State can assist the process of linking employment and training programs with other human services by eliminating unnecessary barriers created by conflicting administrative procedures. No fixed percent of funds should be set aside for specific "coordination activites".

Actual coordination mechanisms should, however, be designed and implemented at the local level, where local agencies actually carry out programs.

Coordination between local deliverers of basic education, vocational education, training and day care services are particularly important, and should be encouraged.

Human services agencies should also be included on the planning/advisory body primarily within the government sector.

9. WHAT SHOULD THE FEDERAL MANAGEMENT RESPONSIBILITY BE?

The U.S. Department of Labor should monitor the State's compliance with legislation and national program regulations and assure that local areas receive their proper share of resources, based on their share of state-wide eligible population, and that demographic categories are likewise served in proportion to their share of the eligible population.

Local prime sponsors should be able to appeal to the Federal government when not satisfied with State implementation and oversight.

10. WHO SHOULD PAY FOR EMPLOYMENT AND TRAINING ACTIVITIES AND SERVICES?

The Federal government should continue to be the primary source of funds for employment and training activities and should specify program goals and assure that national objectives are met by State and local administrators.

11. WHAT CAN BE DONE TO IMPROVE THE EFFICIENCY AND ALLEVIATE THE PROBLEMS OF LOCAL DELIVERER PROBLEMS?

a) Maximizing the flexibility allowed to local program administrators to design programs appropriate to their target population and employer needs would greatly help to alleviate local problems of program implementation.

b) Sufficient funds should be allowed for administrative cost so that the local deliverers' administrative responsibilities can be carried out.

11. continued

c) Sufficient "up front" funds should be advanced to assure a successful start-up of programs.

d) Unnecessary and duplicative paperwork, budget modifications, etc. should be reduced.

e) Multi-year funding for prime sponsors, and contracts for more than 12 months with program operators would permit better planning and smoother implementation.

f) Increased flexibility for program operators in personnel matters, pay scales, etc.

g) Performance expectations should be "adjustable", based on the characteristics of program participants.

h) Tabulations of data on operations, participants, etc. that are regularly reported by program operators should be disseminated back to them in the form of "feedback" reports.

i) Increased access of employment and training participants to English language training and remedial reading and math, for youth and adults who read below the 5th grade level, most of whom are now routinely screened out of training opportunities.

j) Information about available training and related program should be more widely disseminated.

k) While stipends might be reduced, they should not be eliminated. As a minimum they should be sufficient to cover transportation, lunch money and other training-related expenses.

RECOMMENDATION OF THE BLACK AGENCY EXECUTIVES FOR NEW EMPLOYMENT LEGISLATION

The Black Agency Executives (BAE), a group of persons who head major human service agencies in New York City, recognize the importance of national employment legislation to the economic recovery of the nation and especially to the well-being of the black community. When noted economists predict a jobless rate of near 10 percent for the nation, the black community can expect a jobless rate of 23 to 25 percent.

As unemployment spreads throughout the economy, young blacks are hurt the most. With the government priorities shifting from social programs to increase military spending and cut taxes, black teenagers (ages 16–19) experienced an alarming 44.5 percent unemployment rate by the end of 1981. The jobless rate for black youth is almost five times the rate for all workers.

The Black Agency Executives concur with the Kerner Report of the sixties, and it's finding has relevance today. It stated a caution worth remembering:

"No democratic society can long endure the existence within its major urban center of a substantial number of citizens who feel deeply aggrieved as a group, yet lack confidence in the government to rectify perceived injustice and in their ability to bring about needed change."

In 1982, if the nation demonstrates its capacity to profit from the mistakes of the past, the new employment legislation will be clear in its intent to serve youth.

The projected revenues in the current bills fail to acknowledge the magnitude of the unemployment crisis. While the nation waits for economic recovery, fewer funds are available for employment activities. It is, therefore, essential that the scarce revenues be expertly administered through a thoughtful program design and an effective delivery system.

The BAE makes the following recommendations in the interest of the black community and the nation:

AUTHORIZATION/ALLOCATION

The legislation should provide at least $5 billion for employment and training activities.

The number of economically disadvantaged in the labor force and unemployment within an area should determine allocation.

ADMINISTRATION

Service delivery areas as defined by prime sponsor jurisdictions have served the best interest of local area and should be maintained.

The Private Industry Council (PIC) should have local elected officials appoint its membership, with business, labor, education, and community-based organizations represented.

Funds should flow in a timely manner to insure continuation of services to participants.

PROGRAMMATIC

The legislation should contain a substantial set-aside for youth. The 50 percent set-aside provided in the Hawkins and Quayle bills is encouraging.

Participants should be reimbursed for cost incurred. Wages are to be paid for work performed.

Performance standards should be flexible, yet designed to measure impact on youth unemployment.

The legislation must be targeted for those most in need; 70 percent LLS with 10 percent exempted from income criteria.

The BAE feels strongly about the role of community-based organizations as a vital part of the employment and training delivery system, and insist that CBO's be maintained to assist in the implementation of these recommendations.

Mr. WEISS. We will next hear from Timothy Grippeon, of the New York State Employment and Training Council.

STATEMENT OF TIMOTHY GRIPPEON, NEW YORK STATE EMPLOYMENT AND TRAINING COUNCIL, ON BEHALF OF WILLIAM JOHNSON, CHAIRMAN

Mr. GRIPPEON. I have been asked to give this presentation on behalf of William Johnson, the chairman of the New York State Employment and Training Council. He was unable to make it due to the weather in upstate New York.

Mr. WEISS. I note you have a substantial statement, which will be entered in full into the record, and I hope you will give us an excerpt or summarization.

Mr. GRIPPEON. I have prepared some remarks for Mr. Jeffords based on the report.

In 1975 to 1980, over 3 million people were able to find subsidized jobs; 75 percent of these individuals were academically disadvantaged.

Some other important factors that you should be made aware of are of those in the labor force. The National Council on Employment Policy statement outlines the reasons for our concern for the continued Federal support of employment and training after 1982. We recognize that improvements to the educational system are necessary and imperative to the future productivity and economic growth in the United States. However, many of the Nation's most disadvantaged citizens are not served by the traditional forms of labor exchange. This second chance system is all they have and its continuation should not be in question. Rather our recommendations are designed to improve the current system.

The New York State Employment and Training Council recommends three objectives for employment and training policy in the 1980's: The continued investment in human capital, continued incentives for job creation, and continued support for economic development opportunities of local labor market areas. The council supports the existing system and recommends its continued use as best suited to meet these objectives; the Job Service, the Job Corps, subsidized public employment, on-the-job training, classroom training, work experience, job search, upgrading, retraining, and vocational exploration.

The council supports the existing prime sponsor system and recommends changes to streamline paperwork and encourage formation of labor market areawide consortiums. Also, the advisory process should be restructured to form a single employment and training council, with concurrent authority. One-third of the representatives should be from business and industry, one-third from labor and one-third from Government and community-based organizations. In addition, the council recommends that scarce resources be targeted to the structurally unemployed, the educationally and economically disadvantaged, and displaced workers, and that the guiding principle be that those most in need of services within the local labor markets receive priority.

The council recommends a meaningful role for both business and labor in the planning, design, and implementation of future employment and training activities. The council applauds the many recent positive experiences some area PIC's have developed but was unable to find any research supporting the concept of majority representation or direct funding as a viable alternative to the existing system. In fact, recent studies indicated just the opposite. Nonetheless, the council supports a more enhanced role for the private sector in future training and employment activities.

The council recommends an enhanced role for the State in administering and coordinating employment and training activities, and the replacement of the Federal regional offices structure by the States. We recommend continued Federal funding for employment and training with incentives for States to contribute additional funds to these efforts.

The Nation's economy is undergoing a fundamental change which will require more skilled labor to fill projected labor shortages in skill-intensive industries. In order for this transition to occur a national commitment is necessary to assure these new skill-intensive industries a trained labor pool from which to select their workers. In order for the disadvantaged to benefit from this transition Government intervention is necessary to assure the disadvantaged an equal opportunity to share in these new job opportunities. The disadvantaged will need skills training programs in order to obtain the skills necessary to assure them of an equal opportunity to compete for these jobs. Therefore, Federal support for the investment in human capital will have multiple positive outcomes a skilled work force to fill the new and changing labor needs of private industry; less dependence on transfer payments and increased self-sufficiency for people currently idle and receiving some form of income transfer payments; and overall a stronger partnership between Government, labor, and the private sector.

A basic tenet of the American work ethic is that everyone who is willing to work should work. Today, some 9 million Americans ready and willing to work stand idled by unemployment. Nonetheless, even assuming the most optimistic projections by the Reagan administration on the ensuing rapid recovery of the economy, there will always be Americans who are structurally unemployed due to lack of education, handicaps, racial discrimination, et cetera. These people will not share in the job opportunities made available by any economic recovery program without active governmental intervention on their behalf to overcome the artificial barriers they face in finding employment. For these people, the labor market exchange mechanism breaks down creating a need for a coordinated public policy to intervene on behalf of those most in need of assistance.

Evidence of CETA's success has been more than documented in recent years. CETA is not or has never been a four-letter word. Not only has CETA's increase resulted in more stable employment opportunities for those who have participated, including the disadvantaged minorities, but it is an effective economic tool that has and shall continue to work on prescribed economic recovery, whether developed on a local, State, or Federal level. Local residents should be trained for new jobs by a local employment and training delivery mechanism, thereby reducing local unemployment and thus reducing national income transfer payments. Once again, this policy would promote an enhanced partnership between labor, business, and Government.

Recently, the SETC held public hearings throughout the State of New York in conjunction with a broad spectrum of the employment and training community. We followed the guidelines of Under Secretary of Labor, Albert Angrisani, in his letter to prime sponsors urging them to participate in a national dialog in his efforts to formulate a position for the Reagan administration. The report I have submitted to you is a result of this research.

Mr. Chairman, I don't want to lecture on the advantages or disadvantages of Reaganomics, and without question feel that positive results have transpired in terms of the administration's predictions. What we have seen is higher rates of employment and continued projections of this by this administration. Inflation has begun to decline. But Reagnomics clearly means the withdrawal of the Federal Government from programs for black people. The recent report by the U.S. Civil Rights Commission clearly indicates the racial and ethnic minorities will suffer most.

In a recent survey, it was found that the average ratio of applicants was 23 to 1 for every entry level job. There are not enough jobs to go around. Now is not the time to relinquish our responsibilities to the disadvantaged. The unemployed and disadvantaged clients of this Nation are truly in need of Government intervention on their behalf. CETA served a little over 133,000 people or 4 percent of those people potentially eligible for services for these people so that they can meet today's labor market or else to live a life of idleness and dependency. How much longer must the disadvantaged wait for an opportunity to work?

We also hear much about the role of the private sector. A study conducted over the past 20 years concluded that in no way were most of them ready to take on significant new responsibilities.

Earlier this year the SETC added more employment and training programs. Most employers indicated they would not be interested. One New York City hotel director of personnel stated—and I disagree with business having neither the time or the resources to be more responsible for administering them—stated emphatically, "How much more can we do for the Government. We are doing enough for this country." Many businesses are supposed to be willing to administer programs, but our survey did not find the grounds for all this, for them doing more than they already are.

I strongly urge you to meet with the private sector individuals in analyzing their opinions about placing more responsibility directly into their hands. Numerous bureaucratic industries, national lines of business, acted in the same manner as the private sector. I could not agree with them more except that the allegations of these groups may not actually reflect the actual concerns of the private sector clearly. Probably the result will be a delegation of their responsibilities to a new and perhaps more rigid and insensitive bureaucracy. The CETA system here is working.

Ask Mr. Miller. He is over 50 years old and blind. CETA developed a PSE job for him specifically at Brooklyn Community College. Cheryl Davis now works as a receptionist/secretary for a local corporation. Prior to Cheryl's participation, she was an ex-offender. She credited CETA for her success.

Now I would like to turn the testimony to specific recommendations regarding the legislation before us. This includes promoting the continued investment in human capital, providing incentives for job creation and enhancing economic development opportunities of local labor market areas.

We recommend that the Job Service, the Job Corps and training programs be restored to the fiscal year 1980 levels. With the most recent unemployment projections predicting unemployment to reach a peak 7 percent through 1984 we feel the unemployed and disadvantaged have a legitimate problem in this instance.

Activities of existing CETA legislation should be retained, although we recommend specifically strengthening and sequencing of activities and services and making more jobs. We recommend a grant system of two titles, one for basic services and the other for youth services. The three tiers of title I would receive funds using the needs-based formula. Tier 1 t[illegible] to account the incidence of structural unemployment, the nu[illegible] of economically and educationally disadvantaged, and those [illegible]kers displaced by changing technological and/or economic conditions.

Tier 2 would be used for serving youth aged 16 through 21, and tier 3 would deal with high and sustained rates of unemployment. In addition, local program operators should have one employment training council, not three; one-third of which would be representatives from business and industry, one-third labor and one-third government. However, the chief elected offical should have ultimate authority for all program decisions and outcomes.

We recommend that title II would be included in this. We recommend that the States would receive not less than 12 percent of the total funds allocated for prime sponsors in their States. We recommend services to be provided to the structurally unemployed and displaced workers. These groups should be given the highest priority for receiving services, especially in times of scarce employment.

We recommend stronger State control, shifting regional offices' responsibilities to the State. We recommend a continued role in establishing performance standards pertinent to employment and acting as a watchdog for the President and Congress on use and possible misuse of Federal funds.

Thank you.

[The prepared statement of William Johnson follows:]

PREPARED STATEMENT OF WILLIAM A. JOHNSON, JR., CHAIRMAN, NEW YORK STATE EMPLOYMENT AND TRAINING COUNCIL

Mr. Chairman and members of the subcommittee, my name is William A. Johnson, president of the Rochester Urban League and current chairman of the New York State Employment and Training Council. I have been associated with the council since the inception of CETA, and I would like to thank you for allowing me the opportunity to share with you our concerns regarding the development of a comprehensive employment and training delivery system.

I am very proud of my past and present association with employment and training programs and more specifically with CETA. The record stands clear. From 1975 to 1980, over 3 million people were able to find unsubsidized jobs as a direct result of CETA's training and labor exchange resources. Furthermore, 75 percent of these individuals were economically disadvantaged. Some other important factors you should be aware of include:

Sixty eight percent of all terminees from CETA were employed 24 months after their participation, and 90 percent of those were in full time unsubsidized employment—66 percent in private sector employment.

CETA participants' annual earnings have been increased significantly as a direct result of their participation in CETA, with women and minorities reporting larger percentage increases than do other client groups.

Statistics also indicate that employee retention rates are higher for CETA participants.

OJT and PSE had the highest percentages of terminees employed after termination from CETA and the lowest percentage of unemployed of those not in the labor force.

The New York State Governor's Office of development planning estimated that the CETA investment has been one of the most effective economic development initiatives ever undertaken by the Federal Government.

There are 470 prime sponsors throughout the country. Only 45 were assessed by the U.S. Department of Labor as having "serious problems" in their annual assessment for fiscal year 1980.

The evidence of CETA success has been more than documented in recent years. Notable outcomes could go on and on. However, I will not tax this hearing with data that, hopefully, you have already evaluated and of which you are aware. My basic premise is that CETA is not, and never has been the four-letter-word that numerous detractors have alleged it to be. Not only has CETA increased the earnings of people and resulted in more stable employment patterns for those who have participated, including the disadvantaged and minorities, but it is an effective economic development tool that has and should continue to work in concert with any prescribed economic recovery strategy, whether developed on a local, State and/or Federal level.

As I stated earlier, I have been a member of the State Employment and Training Council in New York State since its creation. I have had the pleasure of serving as chairperson since CETA was reauthorized in 1978. The ability of the State Employment and Training Council to influence and coordinate employment and training facilities varies from State to State, since their activities are limited by the lack of authority.

NEW YORK STATE'S EMPLOYMENT AND TRAINING COUNCIL

The SETC in New York State has taken on the major responsibility of coordinating the activities of not only CETA prime sponsors, but also the employment and training system as a whole. As a result, the SETC takes a solemn view of its responsibilities mandated under the Comprehensive Employment and Training Act. Our membership consists of prime sponsors, including the mayor of New York City, the largest prime sponsor in the country; union presidents; and academicians. For example, the SETC vice chairperson and—an active member—is Tom Hobart, president of New York State United Teachers. The council also includes commissioners of various State departments, and most importantly, members from the population in need of employment and training services. Without a doubt, this diverse representation places the SETC in a unique position to accurately assess the consensus of the New York State employment and training network regarding its future.

Recently, the SETC prepared a position paper in conjunction with a broad spectrum of employment and training communities including the private sector, organized labor and the general public. This task was performed at the request of the United States Department of Labor Regional Administrator. Its purpose was to acquire specific data and recommendations that could be used by Albert Angrisani, the Under-Secretary of Labor for Employment and Training, in his effort to formulate a position for the Reagan administration. Needless to say, that effort underscores our frustration with the current CETA law. We held public hearings to elicit recommendations from the New York State employment and training community and prepared a report for the Under-Secretary of Labor. Unfortunately, the legislation submitted by the Under-Secretary in no way reflects the concerns and suggestions that were voiced at the hearings we sponsored.

FISCAL POLICIES DICTATES SOCIAL POLICIES

We feel this council is representative of New York State, and our recommendations are based on what we think would improve the employment and training system, both nationally and in new York State. Mr. Chairman, I don't want to lecture on the advantages and disadvantages of Reagonomics. However, we've all heard a great deal about Reagonomics and without question, few positive results have transpired in terms of the administration's predictions of more "jobs, jobs, jobs." What we have seen is higher rates of unemployment and continued projections for high levels of unemployment by this administration. Yes, inflation has begun to decline, but any college freshman taking Economics 101 knows that as unemployment goes up, inflation comes down; there is nothing revolutionary about that. Reaganomics clearly means the withdrawal of the Federal Government from its mission to improve the economic conditions of poor and black people. This will now be accomplished via the trickle down effort.

Mr. Stockman has told us that the budget involved not only taking money away from weak clients with powerful claims for Federal intervention on their behalf, but also removing funding from powerful clients with weak claims for Federal intervention. The CETA budget submitted for fiscal year 1981, 1982 and 1983 has succeeded in taking funds from weak clients with powerful claims. But even Mr. Stockman conceded that very little money was wrested from powerful clients with weak claims. A recent report by the U.S. Commission on Civil Rights clearly indicates that racial and ethnic minorities will suffer most from cutbacks in health, housing, education, legal aide, and economic development assistance programs. Indeed, the prime beneficiaries will be the affluent, the prime losers will be the poor and near poor, the unemployed and those at the lower end of the economic ladder.

Mr. Reagan on a number of occasions has held up newspapers filled with advertisements for jobs. Yet, a recent survey commissioned by the SETC and the New York State Department of Labor determined that in the 10 largest labor markets in New York State, the job vacancies for entry level jobs in newspapers is approximately 16 percent. A follow-up survey found that the average ratio of applicants for jobs was 23 applicants for each entry level job. People want to work, but there are not enough entry level jobs to go around. Now is not the time to relinquish our responsibilities to all U.S. citizens in need of employment. The unemployed and disadvantaged citizens of this Nation are truly weak clients with powerful claims to Government intervention on their behalf.

If this President's new program creates jobs, jobs, jobs, will we then have a sufficiently trained work force to fill those new jobs? In New York State last year, a monthly average of 607,000 people were estimated to be unemployed. Between January and June over 1.3 million people were receiving some form of public assistance. Estimates prepared for us for fiscal year 1982 predict that 3.6 million people will be eligible for CETA services. The fiscal year 1982 statewide CETA plan for titles IIB, C, and VII will serve a little over 133,000 people or 4 percent of those people potentially eligible for services. We need Federal funds to provide programs for these people, so that they can compete in today's labor market. Otherwise, we are condemning them to a life of idleness and dependency, including reliance on income transfer programs. The President's budget message estimates unemployment remaining above 7 percent through 1984; how much longer must the disadvantaged wait for an opportunity to work?

THE ROLE OF THE PRIVATE SECTOR

In my lifetime, I have professionally and personally benefited from this free enterprise system and have had a productive relationship with numerous private sector firms. However, I am very much concerned about the anticipated level of unemployment in the private sector expressed by both the administration and congress.

We also hear much about the role of the private sector today. A recent report prepared for the national commission on employment policy traced the history of private sector participation in employment and training and concluded that ". . . most PICs are very much in their infancy and in no way ready to take on significant new responsibilities. The most active PICs—a relatively small minority of all PICs at this point—show some promise for enhancing local employment and training performance. But even the best of them could not handle the responsibilities of prime sponsorship".

Earlier this year, the SETC commissioned an additional survey to determine employers' willingness to administer employment and training programs. Most employers indicated they would not be interested. One New York City hotel personnel director stated: "We are in a recessionary time, and I disagree with business having either the time or the resources to be more responsible for administering CETA programs". A Buffalo employer states: "How much more does an employer have to do? We collect and pay sales taxes for the Government. Why should we also run training programs? We're doing enough!". Perhaps the Businesscrats are willing to administer employment and training programs, but our survey did not find a great groundswell on the part of business to become any more involved in employment and training than they already are.

Our most recent experience with private sector administration of CETA programs on a national scale is the hire I program which was subcontracted to the National

Alliance of Business. This program resulted in HIRE II which took the HIRE I money away from NAB and gave it to prime sponsors. I strongly urge you to meet with these private sector individuals and analyze their opinions about placing the burden of employment and training responsibilities directly into their hands. Numerous bureaucratic entities, such as the private industry councils and the national alliance of business, acting in the name of the private sector, have been lobbying for more involvement of the private sector. I could not agree with them more, except that the allegations of these groups may not accurately reflect the actual concerns of the private sector. Unless representatives of business, such as board chairmen, chief executive officers or personnel directors themselves are willing to roll up their sleeves to address this problem, then the result will be a delegation of their responsibilities to a new and perhaps more rigid and insensitive governmental bureaucracy. Isn't there a lesson to be learned? Is anyone listening? The CETA system has worked. Ask Mr. Elmer Eveland, from Binghamton, New York. Mr. Eveland is over 50 years old and blind. Prior to his enrollment in CETA, he worked in sheltered workshops, even though he had an associate's degree from college. CETA developed a PSE position specifically for him at Broome Community College. The college later made the position a regular part of the college budget, and now, in addition to his job, Mr. Eveland is working on his bachelor's degree in childhood education. He credits CETA for his success.

Or, ask Cheryl Davis, 22, from New York City who received clerical training under CETA. She now works as a receptionist/secretary for a local corporation. Prior to Cheryl's participation in CETA, she was a single parent receiving AFDC and was an ex-offender. She credits CETA for her success.

SETC'S EMPLOYMENT AND TRAINING STRATEGY: RECOMMENDATION

As mentioned in my earlier statements, the SETC embarked upon a major statewide attempt to formulate recommendations and a final position statement on employment and training. The balance of my testimony highlights significant portions of this statement. The SETC recommends that the primary emphasis of employment and training policy focus on accomplishing three objectives: (1) Promoting continued investment in human capital, (2) providing incentives for job creation, and (3) enhancing economic development opportunities of local labor market areas.

We recommend that the Job Service, the Job Corps and job training programs be restored to the fiscal year 1980 levels. We are cognizant of the serious fiscal situation facing this country today, but with the most recent unemployment projections predicting unemployment to reach a peak of 8.9 percent this year and remain above 7 percent through 1984, we feel the unemployed and disadvantaged have a legitimate and powerful claim to Government intervention on their behalf. In this instance, fiscal policy should not dictate economic development and social policies.

The current allowable activities under the existing CETA legislation should be retained, although we recommend specific changes to improve the outcomes for CETA participants. Specifically, we recommend strengthening the employability development mechanism, better sequencing of activities and services, and placing more emphasis on job search activities.

We recommend a grant system with two titles. Title I would have three tiers: One for basic services to the adult population most in need of services, another for youth services, and finally, one targeted to areas experiencing high and sustained rates of unemployment. These tiers would receive funds using a needs-based formula taking into consideration the relative number of unemployed and disadvantaged people residing within the local labor market area as compared to the number residing in the Nation as a whole. In addition, local program operators should have one employment and training council, not three. One-third of the council's membership should represent business and industry, one-third labor, and one-third government and community-based organizations. This council should have concurrence authority but ultimate authority should still rest with the chief elected official.

We recommend that title II be for national programs and that funds provided to the States be included in this title. We recommend that 12 percent of the total title I allocation be set aside for States' special purposes and that this allocation be from title II funds.

We recommend that services be provided to the structurally unemployed, the educationally and economically disadvantaged, and displaced workers. Those most in need of services should be given the highest priority for receiving services, especially in this time of scarce employment and training resources.

We recommend a stronger State role by eliminating the USDOL regional offices and shifting their responsibilities to the States. The States are well-prepared to coordinate annual planning, perform quarterly and annual assessments, procure audits, provide technical assistance, as well as perform the grant management function.

However, we strongly recommend the continued Federal role in establishing performance standards, interpreting and disseminating information pertinent to employment and training, and acting as the watchdog for the President and Congress on uses and possible abuses of Federal funds.

To enhance the already existing State-level ability to administer, plan and manage employment and training programs, we also recommend a stronger role for the State Employment and Training Council.

I would like to turn my comments now to the specific legislative proposals circulating in Congress today: Senator Quayle's "training for jobs" bill and Representative Hawkins' "Community Partnership for Employment and Training Act."

Both bills target the economically disadvantaged. We have already stated our wholehearted support for this principle. It is essential to a just and effective policy. We are in agreement with you on this. Representative Hawkins' bill would allow a 10 percent exemption of the income criteria in order to serve people who do not meet the income test. This type of flexibility is also welcomed. Both bills use the number of unemployed and economically disadvantaged persons as the basis for allocating funds. We agree with this procedure.

Both bills contain similar performance criteria: Job placement rates, gain in earnings, and reductions in welfare or income transfer payments. We believe job placement and earnings gains are valid performance indicators. However, a reduction in income transfer programs is a very unrealistic indicator. These programs are very sensitive to inflation and downturns in the national economy. Neither of these bills will have a major impact on the cost of these programs, and therefore, the performance criteria should not be tied to reductions which are unlikely to occur. Several areas in New York State targeted services to welfare recipients during former President Carter's economic stimulus program. The result was actual savings, but the cost of their welfare programs continued to rise. Prime sponsors could measure the savings, but not the actual reductions, since the costs of income transfers still went up. We feel that this is an unrealistic indicator of performance, and we do not recommend its use.

Representative Hawkins' bill would provide $3 billion in local assistance, while Senator Quayle's bill would allocate approximately $2.7 billion. Obviously, we would favor the Hawkins bill. Nonetheless, we feel, as I mentioned earlier, that the unemployed and disadvantaged have a legitimate and powerful need for Government intervention and that funding levels should be restored to the fiscal year 1980 levels. We urge both Houses to reconsider their funding levels.

The areas where the bills differ the most are in proposed delivery area, planning, allowable activities, services to youth and the payment of incentive allowances. Let me briefly discuss each.

The Hawkins bill retains the existing definition of prime sponsors, while the Quayle bill leaves the determination of a service delivery area up to the Governor of each State. While we favor an expanded role for the States, we feel the existing definition contained in Representative Hawkins' bill is preferable. We think local governments have the capacity for accountability, responsiveness, and resource mobilization. Direct Federal funding has worked quite well. The factor most likely to accomplish the goal of Senator Quayle's bill, labor market area-wide planning, can be accomplished through improved consortium bonuses. We urge a higher percentage—perhaps up to 10 percent—for consortium incentives as opposed to the 2 percent contained in the Hawkins bill. The local delivery system has developed into a highly sophisticated, professional system. We see very little evidence that untested private or quasi-public institutions are prepared to replace them in the immediate future.

Both bills call for a single private industry council with concurrance authority and many other additional authorities not contained in the current CETA legislation. Both give business and industry a majority representation. The Quayle bill would replace existing prime sponsors with new pic organizations. We believe the Quayle bill gives too much authority to the local PICS and that the Hawkins proposal is much more realistic. However, we wonder who the partners are in the Hawkins bill, since it gives preferred status to business and industry (as does Quayle's bill). We feel a one-third split among business and industry, labor, and Government would create a better partnership, since none of the partners would have disproportionate influence. We are in support of the Hawkins bill's effort to provide incentives to primes to jointly plan their activities with the employment service, vocational education agencies, welfare agencies, and local economic development agencies.

The allowable activities in the Quayle bill are somewhat vague. While they do appear interesting, we support the Hawkins bill, which includes all activities currently allowable under titles IIB, and IVA, as well as temporary subsidized public employment. However, both Quayle and Hawkins mandate set-asides for youth (50 percent). We oppose these mandates, preferring instead a separate funding mechanism for youth based upon local population and demographic information. We also support the Hawkins bill's provision for the payment of training or incentive allowances to participants enrolled in classroom or service activities. We feel incentive allowances are needed and do provide positive reinforcement for people to participate in these programs.

I would like to thank you for your time, and I hope these comments and our prepared text will be of use to you in your future deliberations. I hope that you will come to the conclusion, as we have, that a significant and sustained Federal commitment to employment and training programs for the disadvantaged is vital to the success of any economic recovery program.

Thank you.

REPORT

New York State
Employment and
Training Council

NEW YORK STATE
EMPLOYMENT AND TRAINING COUNCIL
REPORT

RECOMMENDATIONS

ON

THE FUTURE OF

EMPLOYMENT AND TRAINING

IN THE 80'S

Hugh L. Carey, Governor
William A. Johnson, Jr., Chairperson

TABLE OF CONTENTS

Page

1. Introduction 1
2. Objectives for a National Employment and Training Policy 3
3. Effective Program Designs 4
4. The Delivery Mechanism 6
5. Private Sector Participation 7
6. Coordination and Linkages 7
7. Scarce Resources 8
8. Federal Responsibilities 9

Appendix A. A Report on The Future of Employment and Training in the 80's, by the Research and Policy Formulation Committee of the New York State Employment and Training Council, December 1981. 1A-10A

Appendix B. A Report on the Employment and Training Symposia conducted by the New York State Employment and Training Council, December 1981. 1B-11B

THE FUTURE OF EMPLOYMENT AND TRAINING IN THE 1980'S

INTRODUCTION

In 1981, the New York State Employment and Training Council held public hearings throughout the State in order to solicit from prime sponsors, state agencies, community based organizations, Private Industry Councils, the private sector and the public in general, their views on the future of employment and training in this Country. In addition, numerous private interest groups were consulted either directly or through analyses of their published position papers on the future of employment and training.1/ The New York SETC undertook this responsibility at the request of the Regional Administrator of the United States Department of Labor, Employment and Training Administration, and basically followed the guidelines established by Undersecretary of Labor Albert Angrisani in his letter to prime sponsors urging them to participate in a national dialog, designed to provide input into the future course of employment and training by people involved in the delivery of employment and training activities and services.

The public hearings and research were all directed at answering some very basic but fundamental questions regarding the future of national employment and training programs. These questions were highlighted when Senator Quayle, Chairman of the Senate's Subcommittee on Employment and Productivity, opened hearings, the purpose of which was: "...to develop necessary background information for the subcommittee and the Congress before it considers the appropriate legislative response to the fact that the authorization of appropriations for CETA expires (in 1982)."2/

William A. Johnson, Jr., Chairperson of the New York State Employment and Training Council testified at these hearings, which were held on June 11 and 12, 1981. He later declared that the SETC would make its major focus for 1981-1982 the development of a series of recommendations on the reauthorization of employment and training in 1983.

The New York State Employment and Training Council believes that there are several fundamental changes occurring in our national economy which must be addressed by a national employment and training policy. First, world trade is responsible for a larger percentage of our GNP than ever before and will continue to be an important part of our economy in the future. In 1950 exports and imports accounted for 6.8 percent of our GNP, while in 1980 they accounted for 16 percent. This change is most significant because of the nature of the trade itself: domestic goods which require low or minimum skills to produce have been replaced by imports, and domestic production of goods for exports now require higher skill levels. Thus, in order to maintain or increase our world trade, we need a highly trained, well-educated labor force. Second, rapid technological changes occurring in communications will change the nature of our industries and businesses, once again requiring a more highly skilled and educated work force. Finally, our economy is shifting from a goods production (manufacturing) capacity to a service production capacity. The service economy accounts for approximately 65 percent of our GNP. Again, these jobs require higher levels of education and training: health, education, and social services fields all require advanced education and/or training. In order to adapt to these changes and sustain our level of economic growth, we will need a more skilled labor force.

The National Council on Employment Policy pointed out the major problems facing the national economy: demographic and economic development changes, technological displacement, plant closings, and youth unemployment. Their report stated: "Given this setting and the proven results of CETA in the training field, it is time to strengthen -- though not necessarily enlarge -- the only available second chance training system we have in America. In a period when we must be concerned about reducing inflation, boosting American productivity, and strict federal budget constraints, it is important to realize that investing in human capital skill makes good economic sense."[3/]

The National Council on Employment Policy statement outlines the reasons for our concern for the continued federal support of employment and training after 1982. We recognize that improvements to the educational system are necessary and imperative to the future of productivity and economic growth in the United States. However, many of this Nation's most disadvantaged citizens are not being successfully trained within the educational system and are not served by the traditional forms of labor exchange. This "second chance" system is all they have and its continuation should not be in question. Rather, our recommendations are designed to improve the current system.

The New York State Employment and Training Council recommends three objectives for employment and training policy in the 1980's: the continued investment in human capital, continued incentives for job creation, and continued support for economic development opportunities of local labor market areas. The Council supports the existing system and recommends its continued use as best suited to meet these objectives: the Job Service, the Job Corps, subsidized public employment, on-the-job training, classroom training, work experience, job search, upgrading, retraining, and vocational exploration.

The Council supports the existing prime sponsor system and recommends changes to streamline paper work and encourage formation of labor market area-wide consortiums. Also, the advisory process should be restructured to form a single employment and training Council, with concurrence authority. One-third of the representatives should be from business and industry, one-third from labor and one-third from government and community based organizations. In addition, the Council recommends that scarce resources be targeted to the structurally unemployed, the educationally and economically disadvantaged, and displaced workers, and that the guiding principle be that those most in need of services within the local labor markets receive priority.

The Council recommends a meaningful role for both business and labor in the planning, design and implementation of future employment and training activities. The Council applauds the many recent positive experiences some area PIC's have developed but was unable to find any research supporting the concept of majority representation or direct funding as a viable alternative to the existing system. In fact, recent studies indicated just the opposite[4/] Nonetheless, the Council supports a more enhanced role for the private sector in future employment and training activities.

The Council recommends an enhanced role for the State in administering and coordinating employment and training activities, and the replacement of the federal Regional Offices' structure by the States. We recommend continued federal funding for employment and training with incentives for States to contribute additional funds to these efforts.

Furthermore, the Council supports these recommendations regardless of the final form the legislation takes. These recommendations would improve the system under the existing direct federal funding mechanism or a State Block Grant for employment and training.

OBJECTIVES FOR A NATIONAL EMPLOYMENT AND TRAINING POLICY

The Council recommends three objectives for a national employment and training policy. This policy should:

1. Promote the continued investment in human capital. This Nation's economy is undergoing a fundamental change which will require more skilled labor to fill projected labor shortages in skill-intensive industries. In order for this transition to occur, a national commitment is necessary to assure these new skill-intensive industries a trained labor pool from which to select their workers. In order for the disadvantaged to benefit from this transition, government intervention is necessary to assure the disadvantaged an equal opportunity to share in these new job opportunities. The disadvantaged will need skills training programs in order to obtain the skills necessary to assure them of an equal opportunity to compete for these jobs. Therefore, federal support for the investment in human capital will have multiple positive outcomes:

-- a skilled work force to fill the new and changing labor needs of private industry,

-- less dependence on transfer payments and increased self-sufficiency for people currently idled and receiving some form of income transfer payments, and

-- overall, a stronger partnership between government, labor and the private sector.

2. Provide incentives for job creation. A basic tenet of the American work ethic is that everyone who is willing to work should work. Today, some 9 million Americans ready and willing to work stand idled by unemployment. Nonetheless, even assuming the most optimistic projections by the Reagan Administration on the ensuing rapid recovery of the economy (unemployment is projected to be 8.9% in 1982, 7.9% in 1983, and 7.1% in 1984),[5] there will always be Americans who are structurally unemployed due to lack of education, handicaps, racial discrimination, etc. These people will not share in the job opportunities made available by any economic recovery program without active governmental intervention on their behalf to overcome the artificial barriers they face in finding employment. For these people, the labor market exchange mechanism breaks down, creating a need for a coordinated public policy to intervene on behalf of those most in need of assistance.

3. Enhance the economic development opportunities of local labor market areas. Most analyses of the effectiveness of CETA rarely take into account

benefits such as reduced crime, and economic multiplier effects, but rather concentrate on "performance data." CETA is generally regarded as a social program; the Council argues that it is an effective economic program, which also provides tangible benefits to individuals and society. Today our urban rural areas are experiencing high unemployment, loss of jobs to the sun belt and suburban areas, and fiscal insolvancy due to the loss in tax base and increased costs of municipal services. Governmental policy ought to stress a coordinated strategy which addresses all three problems simultaneously by use of incentives to induce businesses to relocate, expand and/or locate new plants in depressed urban and rural areas thereby increasing the tax base. Local residents should be trained for these new jobs by a local employment and training delivery mechanism, thereby reducing local unemployment, and thus reducing national income transfer payments. Once again, this policy would promote an enhanced partnership between business, labor and government.6/

The Council supports these objectives since they are directed at providing solutions to our complex problems. Today, our unemployment rate is higher than any time since the great depression; interest rates and budget deficits are higher than they have ever been. Perhaps the Administration's economic recovery program will provide jobs, but without the skills necessary to obtain these jobs, the disadvantaged will not share in this prosperity. These objectives are designed to provide the disadvantaged with an opportunity to share in the economic benefits of a just and democratic society.

EFFECTIVE PROGRAM DESIGNS

For the majority of Americans, the traditional labor market exchange mechanisms work. People go to school and learn a skill or obtain a professional prerequisite. They then use various job search mechanisms: parents, relatives, friends, fraternal organizations, professional organizations, newspaper want ads, private employment agencies, etc., and one way or another, they find work. Based upon their ability they move up within their trade or profession. We also have a public employment service to match job ready people with existing jobs, but this mechanism (while very important) only accounts for a little over three million placements each year. Nonetheless, this system (private and public) functions very well for the majority of the American workforce, but it is not perfect, and indeed for many of our least able citizens, it does not work at all. It is for those people who are handicapped or disabled, discriminated against because of race or color, undereducated or unskilled, that we recommend active governmental intervention on their behalf to eliminate the artificial barriers (often multiple barriers) they face in securing employment.

We recommend the continuation of the Job Service and Job Corps at their fiscal year 1980 funding levels and a restructured employment and training delivery mechanism funded at $4 billion. Specifically, we recommend that the following activities be allowable:

On-the-Job Training.

According to the National Council on Employment Policy, every dollar invested in OJT returned $2.28 in social benefits.7/ In addition, they recommended: "OJT rules should be liberalized to improve access to the private sector. A short 'try-out' period (perhaps 3 months) before hiring, with minimum transition requirements, and with subsequent on-the-job training subsidies where demonstrably needed, probably would increase the effectiveness and marketability of OJT. However, as indicated by the initial efforts of even the private industry councils, OJT can be expected to provide slots for only a fraction of individuals in the CETA pool, particularly when jobs in the private sector are expanding slowly."8/

Classroom Training.

The same study found that every dollar spent on classroom training returned $1.14 to society,9/ and recommended: "Given the diversity of the CETa-eligible population, a two-tiered classroom training system appears desirable. Remedial and entry level training for all would be available, while a second level of career training should be provided for those who are able to profit from more advanced training. The remedial/entry training could occur in a specialized institution such as a skill center that provides all the necessary supportive services. The career training should occur in the mainstream institutions in those communities in which they enjoy a positive image in the minds of employers, the student body and the public. Training should also involve the workplace whenever possible."10/ The training allowance system should be adjusted to provide a subsistence component (based on family income and need) and an incentive component (to encourage performance, completion and placement). But income support should be used sparingly to maximize resources allocated for actual training.

Public Service Employment.

The study found participants in Public Service Employment in 1976 earned roughly $290.00 more in post termination wages in 1977 and 1978 than comparison group individuals.11/ The Council on Employment Policy recommended: "Emphasis should turn from employment and training within CETA's range of service alternatives with opportunities in both classroom and on-the-job training. The need for job creation programs, should, however, not be neglected. In some labor markets, the existence of substantial surplus labor may mean that job creation is the most realistic use of public funds and of the participant's time . . . A variant of PSE should be introduced which would permit a try-out for unsubsidized jobs in the public and non-profit sectors, parallel to OJT in the private sector. There should be the same possibilities for OJT subsidization after the try-out but also with the same transitional requirements."12/

Work Experience.

According to the study, enrollees in work experience (exclusive of any other training component) had no higher or lower post-participation gains than their comparison groups.13/ The Council on Employment Policy found work experience to be the least useful CETA activity. However, the SETC believes that post-participation wage increase is not a useful guide when assessing work experience since it was used extensively in summer and in-school programs, which in CETA's early years were widely considered work/income transfer programs by all levels of administrative officials. The changes enacted in 1978 to work experience (while perhaps too restrictive), did adequately address this problem and therefore the SETC agrees and supports the National Council's position that, "Work experience should be coupled with remedial education and occupational training as part of a sequence of services for youth and particularly disadvantaged adult subgroups."14/ If it were utilized as a component of other program activities, it should increase placement rates.

Services.

The SETC recommends continuation of the current allowable services, and recommends upgrading, retraining and vocational exploration be included. In addition, employability development programs should be strengthened and job search activities should be encouraged as a regular part of other program activities.

Job Corps.

We recommend Job Corps be continued. The National Council reports that every dollar invested in Job Corps returned $1.39 to society.15/ In addition, the Council stated: "The Job Corps has become successful and effective for the one-third of the participants who complete the program. It is a model of comprehensive treatment, providing a complete spectrum of opportunities ranging from special learning aid for the disabled all the way to college options for corpsmembers. Computer-assisted and computer-managed instruction is individualized and self-paced with achievements recorded and rewarded. However, it is mainly residential and 'the 24-hour-a-day' treatment effect cannot be overlooked. The approach of competitive contracting with the private sector might be extended to more parts of the CETA system. Also, the utilization of programmed learning devices and curriculum materials, which have provided to be successful, should be expanded beyond the Job Corps."16/

Job Service.

The Job Service has functioned to enhance and improve the labor exchange mechanism. The Job Service could be greatly strengthened if Public Law 93-548 requiring Federal contractors to list all job vacancies with the job service was strictly enforced. We recommend continued funding of the Job Service at fiscal year 1980 levels. Therefore, we support the existing program design and recommend changes where research data support improvements.

THE DELIVERY MECHANISM

The SETC supports the current prime sponsor system because of its capacity for accountability, responsiveness and resource mobilization. The SETC supports the concept of labor-market-areawide planning and program implementation but feels the existing system can achieve this through legislatively mandated financial incentive bonuses for consortia which capture entire labor-market-areas. The SETC also supports the right of all prime sponsors, including BOS Prime Sponsors, to choose local delivery agents based upon performance. In addition, the SETC advocates a system with only two titles:

Title I. All eligible prime sponsors would receive funds (block grants) under this title which would have three tiers:

- Tier I - Basic Services - all eligible prime sponsors would receive funds under this tier through a needs-based formula which takes into account the incidence of structural unemployment, the number of economically and educationally disadvantaged, and those workers displaced by changing technological and/or economic conditions. All currently eligible CETA activities, including public service employment, would be allowable. The program mix would be determined by the prime sponsor with concurrence from a single consolidated advisory council.

- Tier 2 - would provide, through a needs-based formula, federal resources to be used exclusively for serving youth ages 16 through 21. Again, all CETA activities would be the responsibility of the prime sponsor with concurrence from a single consolidated advisory council.
- Tier 3 - would allocate, through a needs-based formula, federal resources to prime sponsors experiencing high and sustained rates of unemployment.

These three tiers should be considered one single grant with a unified financial and management information system, and once common audit. All grants should cover multiple years (with yearly updates), under a 10 year reauthorization cycle. Additionally, the SETC recommends a single Employment and Training Council with concurrence authority, one-third of which would be representatives from business and industry (which should be representative of the general make-up of the delivery area), one-third labor and one-third government and CBO's. However, the chief elected official should have final responsibility for all program decisions and outcomes.

Title II. This title would provide funds for national programs for migrants, consortium bonuses, Indians, etc., and funds for State governments to support State Employment and Training Councils, research and program development, evaluation, and technical assistance to prime sponsors. In essence, State Governments would provide the role of the current regional offices, which could then be eliminated. National programs would receive ten percent of the total appropriation, and states would receive not less than twelve percent of the total funds allocated for prime sponsors in their states.

SCARCE RESOURCES

As stated before, the traditional labor exchange mechanism works very well for the mainstream of American citizens. The SETC therefore opposes the fiscal year 1981 cuts to the Job Service and the planned cuts for fiscal year 1982 and 1983. These cuts will seriously affect the ability of the labor market exchange to function in an efficient and productive manner.

Given limited resources, following groups should be served in the Title I program:

The structurally unemployed. This includes those people lacking the minimal education and skill to compete in the labor market, as well as those people excluded from participation due to artificial barriers to employment: racial minorities, single parent heads of households, welfare recipients, handicapped individuals, offenders, high school dropouts, those with limited english speaking ability and displaced homemakers.

The Educationally and Economically Disadvantaged. This includes those persons receiving income transfer payments and who lack the minimum educational background necessary to compete in the labor market.

Displaced Workers. This group is composed of those workers displaced by changing technological and/or economic conditions, including plants which close due to foreign competition or leave one area for another simply to avoid taxes or unions.

The basic eligibility for participation in Title I should have an income as well as a labor force attachment criteria. The income test should be set no higher than 125 percent of the Lower Living Standard Income Level set by the Office of Management and Budget, and that the applicant be unemployed for seven calendar days or be in school prior to application. The guiding principle should be that those most in need of services receive the highest priority.

PRIVATE SECTOR PARTICIPATION

The private sector should play a significant, meaningful role in the planning, program design and implementation, and performance monitoring of all Title I employment and training programs. This role should be solidified by incorporation of the one-third representation requirement on the local consolidated advisory board which should be part of the authorizing legislation. The inclusion of a concurrence provision for the Employment and Training Council should also stimulate the private sector to actively participate in the program. The private sector should be a partner with labor, government, and community based organizations, in the development of local employment and training strategies. More flexibility in the design of on-the-job training, vocational exploration program services and upgrading and retraining would also enhance the role of the private sector. However, such flexibility should not be at the expense of current worker protection laws and/or collective bargaining agreements.

COORDINATION AND LINKAGES

There should be a stronger role for the State in coordinating employment and training programs with other human services programs by expanding the role of State Employment and Training Councils. The States are either primarily responsible for, or partners in, the delivery of all other human service programs. Therefore, the States are in a unique position to coordinate the activities of the major human service delivery mechanisms throughout each State. By having the States assume the role of the current federal Regional Offices, coordination and efficient resource utilization should result. The federal Regional Offices provide Prime Sponsors with the following:

- annual planning information issued by the National Office.
- Regional Directives, which are regional interpretations of National Office field memoranda.
- quarterly assessments of performance and an annual assessment of administrative procedures and performance. The quarterly assessment is accomplished by checking prime sponsor quarterly reports and is duplicative of the prime sponsor desk review procedures. The Annual Performance report format is, again, mailed out from Washington.
- audits, the majority of which are done by outside private auditing firms.

-- technical assistance. Again, most technical assistance was the result of soliciting outside private contractors. However, the MATS blueprint for action was a major improvement. Unfortunately, MATS is still in the planning stage and given recent actions, is in a "holding" phase at the present time.

All five of these functions could be easily transferred to the States, and the Staes could work directly with Washington. As it is, the transmitting of information to the Regions and then to the prime sponsors is slow and cumbersome. Most prime sponsors know of changes prior to the Regional Offices since they subscribe to a variety of information sharing organizations which get the information to them before the National Offices have notified the Regional Offices. The SETC recommends that at least 12 percent of the total allocation to States for Title I activities be set aside for the States to assume this function.

FEDERAL RESPONSIBILITIES

Management, direction, and coordination of the national economy cannot be left up to State and local governments. Rather, just as the national economy is the responsibility of the federal government, so too should the tools of management, direction and coordination. The SETC maintains that the employment and training system is an economic program (with societal benefits) and that it ought to be considered one weapon in the federal government's economic initiatives arsenal. Therefore, the SETC recommends that continued and expanded federal funds be allocated for employment and training activities and services and that incentives be used to encourage, but not require, State and local Governments to contribute towards these efforts.

In addition, the federal government should: set performance standards (in conjunction with local delivery system), interpret and disseminate information regarding legislative requirements, collect and disseminate information pertinent to employment and training, and assure the President and Congress that the local programs are in compliance with federal rules and regulations.

1/ The SETC staff reviewed and analyzed the following public interest group statements and position papers: The National Governor's Association, National Association of Counties, the National Conference of Mayors, National Alliance of Business, the AFL-CIO's Human Resource Development Institute, and the New York State Office of Development Planning. The papers were analyzed based upon their impact on the current delivery system.

2/ Congressional Record - Senate p. 55214, May 19, 1981 Specific Answers to questions raised by these Hearings be contained here in as Appendix A.

3/ A Policy Statement by the National Council on Employment Policy Issued September, 1981.

4/ See Private Sector Involvement in Public Employment and Training Programs prepared by Randall Ripley and Grace Franklin for the National Commission for Employment Policy.

5/ See Presidents Budget Message to Congress Issued February 8, 1982

6/ See "CETA and Economic Development. A Guide for Local Officials and Administrators," prepared for the U.S. Department of Labor by the National Council for Urban Economic Development.

7/ A policy statement by the National Council on Employment Policy, Issued September, 1981.

8/ IBID

9/ IBID

10/ IBID

11/ IBID

12/ IBID

13/ IBID

14/ IBID

15/ IBID

16/ IBID

APPENDIX A

NEW YORK STATE
EMPLOYMENT AND TRAINING COUNCIL

RESEARCH AND POLICY
FORMULATION COMMITTEE

REPORT ON THE FUTURE OF EMPLOYMENT AND TRAINING IN

1. What should be the primary objective(s) of Employment and Training Programs?

   The New York State Employment and Training Council believes the following objectives should be the primary focus of Employment and Training programs:

   A. Promote the continued investment in human capital. This Nation's national economy is undergoing a fundamental change which will require more skilled labor to fill projected labor shortages in the new skill-intensive industries. In order for this transition to occur, a national commitment is necessary to assure these new high skill-intensive industries a trained labor pool from which to select workers. In order for the disadvantaged to benefit from this transition, government intervention is necessary to assure the disadvantaged an equal opportunity to share in these new job opportunities. The disadvantaged will need skills training programs in order to obtain the skills necessary to assure them of an equal opportunity to complete for these jobs. Therefore, federal support for the investment in human capital will have multiple positive outcomes:

      1) skilled work force to fill new and changing labor needs of private industry;

      2) less dependence on transfer payments and increased self-sufficiency by people currently unemployed, and receiving some form of income transfer payments, and overall, a stronger partnership will develop between government, labor and the private sector.

   B. Provide incentives for job creation. A basic tenet of the American work ethic is that everyone who is able to work should work. Today, some 9 million Americans ready and willing to work stand idled by unemployment. Nonetheless, even if these unemployed workers were working, or, even assuming the most optimistic projections by this Administration on the ensuing rapid recovery of the economy, there will always be Americans who are structurally unemployed due to a lack of education, handicaps, racial discrimination, etc., who will not share in the job opportunities made available by any economic recovery program. These people need active governmental intervention to overcome the articificial barriers they face in finding employment. For these people, the Labor Market exchange mechanism breaks down. When the Labor Exchange mechanism dysfunctions, it creates a need for a coordinated public policy to intervene on behalf of those most in need of assistance. We recommend governmental intervention in the form of incentives to Employers to create jobs and, when necessary, governmental funds to create jobs.

   C. Enhance the Economic Development Opportunities of Local Labor Market Areas. Most analyses of the effectiveness of CETA rarely take into account the side benefits, such as reduced crime, economic multiplier effects, etc., but rather concentrate on "performance data".

CETA is generally regarded as a social program; we argue that is is an effective economic program, which also provides tangible social benefits to people and society. Today our urban and rural areas are experiencing high unemployment, loss of jobs to the sun belt and suburban areas, and fiscal insolvency due to the loss in tax base and increased costs of municipal services. Governmental policy ought to stress a coordinated strategy which addresses all three problems simultaneously: incentives to businesses to expand and/or locate new plants in depressed urban and rural areas (thereby increasing the tax base) and induce them to hire local residents, trained by a local employment and training delivery mechanism, (thereby reducing local unemployment), and thus reducing national income transfer payments. Once again, this policy would promote an enhanced partnership between Business, Labor and Government.

2. What are the most effective program designs?

The major policy decisions regarding the most effective program designs ought to be in the sequencing of services without legislatively fixed time limitations, since length of time spent in program components has a positive correlation to positive outcomes (e.g., placements in unsubsidized jobs.) Therefore, we recommend OJT, CRT, and PSE should be continued as allowable activities; Work Experience should be allowable but coupled with remedial education or skills training, and emphasis should be placed on employability development by sequencing services to participants, (e.g., work experience to skills or classroom training to on-the-job training).

The most effective program designs reflect the current state-of-the-art:

A. Labor Exchange - The current Labor Exchange System functions very well for the majority of Americans. Nonetheless, our labor markets do not work efficiently, and thus governmental intervention is needed to impact people with barriers, (often multiple barriers), to employment.

B. Employment and Training

1) On-the-job training - every dollar invested on OJT returned $2.28 in social benefits.[1]

2) Job Corps - every dollar invested returned $1.39 to society.[2]

3) Classroom Training - every dollar spent on classroom training returned $1.14 to society.[3]

4) Public Service Employment - Participants in Public Service Employment in 1976 earned roughly $290.00 more than comparison group individuals in 1977 and 1978.[4]

5) Work Experience - Enrollees in work experience (exclusive of any other training component) had no higher or lower post-participation gains than their comparison groups.[5]

6) Overall, the Continual Longitudinal Manpower Survey found that CETA graduates (including PSE participants) experienced an annual earnings increase of between $300.00 and $700.00 at an average annual training cost of roughly $3,000.00.[6]

C. Job Service

The Job Service has functioned to enhance and improve the Labor Exchange Mechanism. The Job Service could be greatly strengthened if all Federal contractors, over a certain sum of money (i.e., $100,000.00), were required to list job vacancies with the Job Service.

3. What would be the most effective Delivery Mechanism?

We support the current Prime Sponsor system because of its capacity for accountability, responsiveness and resource mobilization. We support the concept of Labor-Market-areawide planning and program implementation but feel the existing system can achieve this through legislatively mandated financial incentive bonuses for consortiums which capture entire Labor-Market-areas. We also support the right of all prime sponsors to choose local delivery agents based upon performance, including BOS Prime Sponsors.

Or,

A. Or - all eligible Prime Sponsors would receive funds (block grants) under this title which would have three tiers:

1) Or Basic Services - all eligible prime sponsors would receive funds under this tier through a needs-based formula which took into account the incidence of structural unemployment, economically and educationally disadvantaged, and those workers displaced by changing technological and/or economic conditions. All currently eligible CETA activities, including Public Service Employment, would be allowable. The program mix would be determined by the prime sponsor with concurrence from a single consolidated advisory council.

2) Or - would provide, through a needs-based formula, federal resources to be used exclusively for serving youth ages 16 through 21. Again, all CETA Activities would be the responsibility of the Prime Sponsor with concurrence from a single consolidated advisory council.

3) Or - would allocate, through a needs-based formula, federal resources to Prime Sponsors experiencing high and sustained rates of unemployment.

These three tiers should be considered one single grant with a unified financial and management information system, and one common audit. All grants should cover multiple years, (with yearly updates), under a 10 year reauthorization cycle. Additionally, we recommend a single advisory council with concurrence authority made up of one-third representation from Business, Industry, which should be representative of the general make-up of the delivery area, one-third Labor representation, and one-third government, community based organizations and consumer groups. If concurrance cannot be reached, the ultimate authority should rest with the chief elected official.

B. Title II - would provide funds for National programs for Migrants, Consortium Business, Indians, etc., and funds for State governments to provide State Employment and Training Councils, Research and Program Development, Evaluation, and Technical Assistance to prime sponsors. In essence, State Governments would provide the role of the current regional offices, which could then be eliminated. National programs would receive ten percent of the total appropriation and states would receive not less than twelve percent of the total funds allocated for prime sponsors in their states. (See question #6).

4. How can we assure the most effective use of Scarce Resources?

Once again, we point out that the traditional Labor Exchange Mechanism works very well for the mainstream of American citizens. We, therefore, oppose the fiscal year 1981 cuts to the Job Service and oppose planned cuts for fiscal year 1982 and 1983. These cuts will seriously affect the ability of the Labor Market exchange to function in an efficient and productive manner.

Given limited resources, we recommend the following groups be served in the Title I program:

A. The structurally unemployed - those people lacking the minimal education and skill to compete in the labor market. Also, those people excluded from participation due to artificial barriers to employment; racial minorities, single parent heads of households, welfare recipients, handicapped individuals, offenders, high school dropouts, those with limited english speaking ability and displaced homemakers.

B. The Educationally and Economically Disadvantaged - those people who receive income transfer payments and who lack the minimum educational background to participate in the labor market.

C. Displaced Workers - those workers displaced by changing technological and/or Economic conditions, (including plants which close due to foreign competition or leave one area for another simply to avoid taxes or unions).

We would recommend that the basic eligiblity for participation in Title I have an income as well as a labor force attachment criteria. We recommend that the income test be set at 125 percent of the Lower Living Standard Income Level set by the Office of Management and Budget and that the applicant be unemployed for seven calendar days and/or be in school prior to application.

5. What is the appropriate role of the Private Sector?

The private sector should play a significant, meaningful role in the planning, program design and implementation, and performance monitoring of all Title I Employment and Training programs. This role should be solidified by incorporation of the one-third representation requirement on the local consolidated advisory board which should be part of the authorizing legislation. (See question #3). The inclusion of a concurrence provision should also stimulate the private sector to actively participate in the program. Our recommendation is that the private sector be a partner with labor, government, and community based organizations, in the development of local Employment and Training strategies. More flexibility in the design of On-the-Job training, Vocational Exploration Program Services and upgrading and retraining would also enhance the role of the private sector. However, such flexibility should not be at the expense of current worker protection Laws and/or Collective Bargaining Agreements.

6. What sort of interrelationships and coordination mechanisms should be considered for the broader Human Services Community?

We recommend a stronger role for the State in coordinating the Employment and Training programs with other human services programs by expanding the role of State Employment and Training Councils. The States are either primarily responsible for, or partners in, the delivery of all other human service programs. Therefore, the states are in a unique position to coordinate the activities of the major human service delivery mechanisms throughout the state. By having the States assume the role of the current federal Regional Offices, coordination and efficient resource utilization should result. We recommend that at least 12 percent of the total allocation to States for Title I and II activities be set aside for the states to assume this function.

7. What should the federal management responsibility be?

The federal management responsibilities should be:

1) setting, in conjunction with state and local service deliverers, performance standards which are based on local conditions,

2) interpretation of, and dissemination of information regarding legislative requirements,

3) collection and dissemination of data pertinent to employment and training,

4) compliance with Rules and Regulations promulgated pursuant to legislation,

5) funding.

8. Who should pay for Employment and Training Activities and Services?

Management, direction, and coordination of the national economy cannot be left up to State and local governments. Rather, just as the national economy is the responsibility of the federal government, so too, should be the weapons of management, direction and coordination. We maintain that the Employment and Training system is an economic program (with societal benefits) and that it ought to be considered one weapon in the federal government's arsenal. Therefore, we recommend that continued and expanded federal funds be allocated for Employment and Training Activities and Services and that incentives be used to encourage, but not require, State and Local Governments to contribute towards these efforts.

9. What can be done to alleviate local delivery problems?

We recommended earlier that strong financial incentives be included in the legislation which would create incentives to Prime Sponsors to build consortiums which captured entire labor-market-areas. These consortiums would designate one lead governmental agency to plan, implement, and monitor all programs in the labor market area. Notwithstanding, we feel that because of the accountability, responsiveness and resource mobilization abilities of local governments that they are suitable delivery agents for employment and training services. Therefore, real financial incentives should be used to entice local governments to form Labor-Market-Areawide consortiums.

10. What are the Economics of Employment and Training investments?

The table below indicates the cost per service year and cost per participant for the various CETA activities in 1980.

Component	Enrollment	Cost per service year	Cost per participant
On-the-job training	181,000	$ 6,088	$2,080
Job Corps	95,000	13,193	5,827
Classroom training	750,000	8,046	3,554
Public service employment	870,000	9,030	3,702
Work experience	400,000	5,311	1,641
Summer youth employment	705,000	NA	NA
Other youth programs	330,00	NA	NA

Source: U.S. Department of Labor, Employment and Training Administration

The average cost per service year for the four major CETA activities, (On-the-Job Training, Classroom Training, Public Service Employment, and Work Experience), is $7,119.00, and the average cost per participant served is $2,744.00.

The table below indicates the cost benefit ratio of CETA activities and was released by the National Council on Employment Policy:

CETA Component Outcomes

Component	Earnings increase over comparison groups (1976 enrollees)[a] 1977	1978	% Change in 1977 over comparison groups	Benefit-cost ratio social	taxpayer
On-the-job training	$839	$574	18	2.28	.72
Job Corps	209[b]	487[b]	8	1.39	.91
Classroom training	347	442	10	1.14	.60
Public service employment	261	326	7	NA	NA[c]
Work experience	-147	-187	-4	.50	.50

[a] A Policy Statement by National Council on Employment Policy, September 1981.

[b] Job Corps data for 1978-79 follow-up of 1977 enrollees.

[c] Not calculable because of uncertainties of value of work accomplished.

The fact that the cost benefit ratio could not be calculated for Public Service Employment is unfortunate. However, USDOL Reports on Public Service Employment Projects during 1978-1979 indicate that vast numbers of low income housing units were weatherized and rehabilitated; services to low income, handicapped, and veterans were vastly increased; and some 750,000 people became tax payers instead of tax consumers.

The National Council on Employment Policy listed 13 ways to increase the payoff from CETA programs:

1) Emphasis should turn from employment to training within CETA's range of service alternatives with opportunities in both classroom and on-the-job training. The need for job creation programs should, however, not be neglected. In some labor markets, the existence of substantial surplus labor may mean that job creation is the most realistic use of public funds and of the participant's time.

2) Given the diversity of the CETA-eligible population, a two-tiered classroom training system appears desirable. Remedial and entry level training for all would be available, while a second level of career training should be provided for those who are able to profit from more advanced training. The remedial/entry training could occur in a specialized institution such as a skill center that provides all the necessary supportive services. The career training should occur in the mainstream institutions in those communities in which they enjoy a positive image in the minds of employers, the student body and the public. Training should also involve the workplace whenever possible.

3) The training allowance system should be adjusted to provide a subsistence component (based on family income and need) and an incentive component (to encourage performance, completion and placement). But income support should be used sparingly to maximize resources allocated for actual training.

4) OJT rules should be liberalized to improve access to the private sector. A short "try-out" period (perhaps 3 months) before hiring, with a minimum transition requirement, and with subsequent on-the-job training subsidies where demonstrably needed, probably would increase the effectiveness and marketability of OJT. However, as indicated by the initial efforts of even the private industry councils, OJT can be expected to provide slots for only a fraction of individuals in the CETA pool, particularly when jobs in the private sector are expanding slowly.

5) The Job Corps has become successful and effective for the one-third of the participants who complete the program. It is a model of comprehensive treatment, providing a complete spectrum of opportunities ranging from special learning aid for the disabled all the way to college options for corpsmembers. Computer-assisted and computer-managed instruction is individualized and self-paced with achievements recorded and rewarded. However, it is mainly residential and "the 24-hour-a-day" treatment effect cannot be overlooked. The approach of competitive contracting with the private sector might be extended to more parts of the CETA system. Also, the utilization of programmed learning devices and curriculum materials, which have proved to be successful, should be expanded beyond the Job Corps.

6) A variant of PSE should be introduced which would permit a try-out for unsubsidized jobs in the public and nonprofit sectors, parallel to OJT in the private sector. There should be the same possibilities for OJT subsidization after the try-out but also with the same traditional requirements.

7) Work experience should be coupled with remedial education and occupational training as part of a sequence of services for youth and particularly disadvantaged adult subgroups.

8) Job search assistance appears to be an effective mechanism, at least in the short run, for helping individuals who are already seeking work -- rather than as a tool to motivate persons to find employment. If it were utilized as a final component of other program activities, it would probably increase placement rates. Current budgetary obstacles to its provision through the public employment service also should be eliminated.

9) Remedial basic education and English as a second language are low cost, productive programs and essential for those who lack them.

10) Emphasis should be placed on sequential meshing of different services so that an individual can be helped on several fronts. Basic education, for example, could be interfaced with occupational skill training which would lead to OJT or job search instruction. While this will raise costs, it is a worthwhile investment.

11) A more extensive interchange of federal, state, and local personnel should become a regular part of the CETA program to create a common experience base for communication and understanding. Training expertise should be incorporated into both prime sponsor and federal staff.

12) An effective national system of technical assistance and curriculum and staff development should be introduced, drawing on prime sponsor strengths, as well as on private and public education sources. National workshops are helpful but such assistance must be brought to the local level on a periodic basis as well.

13) Congress should provide multi-year funding to CETA prime sponsors and restrain itself from too frequent interventions in the system.

There are several fundamental changes occurring in our National Economy which will cause a major change - perhaps radical change - in our economy. First, World Trade is responsible for a larger percentage of our GNP than ever before and will continue to be an important part of our economy in the future. In 1950, exports and imports accounted for 6.8 percent of our GNP, while in 1980 they accounted for 16 percent. This change is most significant because of the nature of trade itself: domestic goods which require low or minimum skills to produce have been replaced by imports and domestic production of goods requiring high skill levels have grown. Thus, in order to maintain or increase our World Trade, we need a highly trained, well educated Labor force. Second, rapid technological changes occurring in our communications industry will change the nature of our industries, businesses, etc., and most importantly, will change the skill level requirements in such a way as to require a more highly skilled and educated workforce. In order to adapt to these changes and sustain our level of economic growth, we will need a more skilled Labor force. Finally, our economy is shifting from a goods production (manufacturing) to a service production capacity. The Service economy accounts for approximately 65 percent of our GNP. Again, these jobs require higher levels of education and training: Health, Education and Social Services field all require advanced education and/or training.

The National Council on Employment policy pointed out the major problems facing the national economy.

- demographic and economic development changes
- technological displacement and plant closings
- geographic relocations
- youth unemployment

Their report stated:

> "Given this setting and the proven results of CETA in the training field it is time to strengthen--though not necessarily enlarge--the

> only available "second chance" training system we have in America. In a period when we must be concerned about reducing inflation, boosting American productivity, and strict federal budget constraints, it is important to realize that investing in human capital still makes good economic sense".

Given the Cost-Benefit ratios associated with CETA activities, the cost per participant served, etc., CETA is a good investment for society. Given the changing nature of our economy and the problems we are experiencing now, CETA makes good economic sense as well.

---

[1] A policy statement by National Council on Employment Policy, September 1981. These figures reflect FY 1976 enrollment data.

[2] IBID

[3] IBID

[4] IBID

[5] IBID

[6] The Continual Longitudinal Manpower Survey.

Appendix B

REPORT ON THE EMPLOYMENT AND TRAINING SYMPOSIA

CONDUCTED BY THE

NEW YORK STATE EMPLOYMENT AND TRAINING COUNCIL

DECEMBER, 1981

Introduction

In November 1981, the New York State Employment and Training Council conducted a series of symposia in Albany, New York City and Buffalo, in response to announcements by U.S. Department of Labor Assistant Secretary Albert Angrisani, requesting public testimony and comment on the issues related to reauthorization of employment and training legislation. The purpose of these forums was three-fold:

- To invite comment and recommendations from the employment and training community on CETA reauthorization and the development of a national policy on employment and training.
- To establish a base for the development of New York State's recommendations for new approaches to providing employment and training services.
- To provide recommendations and information to be included in the SETC Annual Report to the Governor.

In a letter of invitation to more than 1,900 individuals and organizations, SETC Chairman William A. Johnson, Jr. invited comment on a broad range of topics, including: objectives of a national employment and training policy, effective program designs and delivery systems, the role of the private sector, coordination and funding of services and activities, federal management responsibilities, and the economics of employment and training investments.

The symposia drew speakers and audience participants from local governments, state and local agencies, the private sector, organized labor and community based organizations. A significant number of presenters represented client services providers, particularly youth service providers.

Proceedings of the hearings were video tape recorded, and invitees were requested to submit their testimony in writing. In some cases, individuals who were unable to testify in person submitted written testimony.

What follows is a compilation of the comments and recommendations which addressed issues raised by USDOL.

A. Primary objectives of an employment and training policy

An employment and training policy should be focused upon providing individuals with effective training and skills development which enable them to secure unsubsidized employment and economic security. It is recognized that such a policy should also address the need for providing the nation's business sector with a quality and productive labor force. However, the primary objective should be directed toward assisting individuals to acquire those marketable skills necessary for successful entrance into the work force, and a decreased reliance upon income maintenance programs.

B. Most effective program designs and models

Although there are many different program designs and models which effectively assist individuals to enter the labor force, there are certain program elements which should be emphasized in training programs. Skill training must generally be coupled with provision of basic competencies, including literacy, communication and computational skills. This has been found to be a needed component, since the client population is insufficiently prepared in these areas and suffers its greatest employment barrier from the lack of basic competencies.

Classroom training in occupations which offer job opportunities, coupled with some form of work experience or worksite training has been found to be an effective program design. Worksites should be primarily in the private sector, although work experience should also be provided in the public sector and human service agencies to the extent necessary to give an individual job experience and a track record.

For those individuals with the capability and potential, training in high technology areas should be encouraged, and incorporated into program planning.

Youth are in particular need of more exposure to jobs in the private sector, via vocational exploration and job sampling components. Success in preparing young people for the transition to work also requires that the exposure to work includes skilled and more intensive supervision than for adults, as well as work experience that is meaningful, structured with specific learning goals, and assessed regularly for progress and achievement, as defined by business and industry.

Supportive services, such as counseling, transportation and daycare, are often as important to an individual's success as is the training itself. Programs should have the flexibility to offer services as individual needs dictate, and the ability to continue supportive services for a minimum period after job placement to prevent repetition of dependency cycles that employment and training programs are aimed at breaking. It has also been suggested that expanded support services could be offered to compensate for subminimum wage stipends, since minimum wage stipends do not necessarily improve client participation or increase job placements.

C. Effective delivery mechanisms

Diverse views concerning this question precluded arriving at a concensus regarding the most effective or appropriate mechanism for service delivery. Differing interests were all able to support their views that the service delivery system should be managed by either state government, local government or local program deliverers. There was concensus, however, that a large degree of local flexibility in planning and program development is needed, coupled with the necessity of defining roles and increasing coordination and cooperation among players at each level.

D. Effective use of scarce resources

Testimony at the hearings supported the concept that, with fewer dollars to work with, it is desirable to maximize effectiveness by targeting services to specific groups rather than try to serve everyone. However, opinions were evenly divided between serving the long term structurally unemployed, and serving those individuals who are marginally unemployed, and who require less extensive training and intervention. There was also another group of symposia participants who emphasized the need for targeting to specific client groups, including women and older workers, substance abusers, and minority and hard to employ youth. Regardless of the positions taken with respect to targeting, most of the speakers indicated that the service approach should be flexible and focus upon specific needs of the individuals being served. It was also suggested that local flexibility be permitted for decisions regarding service priorities, within general national and/or state parameters.

Consolidation of the current local planning councils and advisory bodies was also suggested as a means of more effective resource utilization.

E. Role of the private sector

It was universally acknowledged that an effective employment and training policy requires the active participation of the public and private sectors, and that neither sector can successfully solve employment problems without the other. Several approaches were suggested to strengthen the cooperation between the sectors. It was suggested that private industry become an equal partner in planning, coordination and policy development, through majority representation on a consolidated advisory council, with the power of concurrence. Another suggestion was that the private sector should manage or oversee the delivery of programs, although not exclusively. It was also suggested that a special, intermediate group be developed and staffed to help business deal with the special problems involved in hiring the group trained (e.g., red tape, training contracts, counseling and other services).

Others felt that the role of business should more properly be advisory, on such matters as curriculum development, labor force projections, and program evaluation.

It was recognized that stronger incentives (and fewer disincentives) are needed to attract private sector involvement and job training opportunities. Many of the speakers noted that current tax credit programs were not successful, and that greater incentives should be provided for employers who accept on-the-job trainees, such as eliminating the commitment to hire until training is completed.

It was also recognized that an employment and training policy should encourage smaller businesses to offer job opportunities, since the greatest potential for job creation exists with this group.

In recognition of differing local economic conditions, it was also suggested that a federal program consider this, and that local business and government be allowed to decide on how best a partnership could be forged, rather than be forced to follow restrictive national standards and regulations.

F. Relationship of employment and training to income maintenance

It is in the best interests of everyone to reduce the dependency on income maintenance programs and to fully utilize national human resources. To achieve this, existing work disincentives should be eliminated, and labor force participantion should be encouraged.

Those who are employable should be encouraged to participate in training programs. However, once an individual has begun training, sanctions should be available to discourage dropping out and absenteeism.

It is also important to distinguish between the training function and income transfer. When the two are mixed or confused, it encourages cynicism and negative work attitudes among participants. Insistence upon effective training, aimed at enabling individuals to move into employment and self-reliance, can reduce the incidence of long term income transfer.

G. Federal management responsibilities

Federal government should determine national policy, provide funds and allocate resources, provide incentives for employment opportunities, and insure program and fiscal accountability.

Since the federal government does not directly operate programs, those entities which do operate programs should have the flexibility to determine service priorities and program mix, and the the ability to provide services based upon actual client needs.

Current criteria for determining program effectiveness often undermine the ability of programs to serve the needy and to continue operations, since the pressure to attain a fixed cost per placement often ignores the needs of clients, and leads to participant "creaming". Effective programs must move a significant number of the unskilled into the world of work, and the cost of doing so varies by target group and geographic location. For youth, placement into unsubsidized employment should not be the sole criterion for measuring a program's success, since career exploration is a critical developmental process.

Federal evaluation of training programs is a necessary responsibility. Yet the criteria must be more realistically determined, and articulated at the outset.

H. Funding of employment and training

The cost of job training for the structurally unemployed and disadvantaged will not be borne by the business sector; it would be seen as neither profitable nor productive. Support for employment and training services should come primarily from government. Federal funds that support training programs are ultimately returned by successful trainees who pay back into the system through their taxes.

I. Alleviation of local deliverer problems

The stability of the local delivery system can be improved by providing longer contract periods (e.g., two years, or one year with a second year renewal basded on performance) by reducing paperwork and reports to the minimum necessary, by establishing more realistic, differential placement goals for any advancement from a non-working to a working posture, and by providing more technical assistance and informantion. Most of all, institutional stability and long term national employment and training authorization and funding will enhance the viability of an employment and training system in addition to making it part of a national economic strategy.

With respect to the issue of equal or comparable benefits, it was noted that training stipends which equal the minimum wage do not provide an incentive to secure a job, since take home pay from employment would be less. Employment will become an incentive if programs are encouraged to offer stipends lower than the minimum wage, and to raise stipend levels as clients meet goals or approach the end of training.

J. Economics of employment and training investments

Several speakers testified to the soundness of employment and training as an economic investment, and produced data to demonstrate the cost-effectiveness of various programs. They demonstrated that employment and training programs are not only less costly than welfare, but also provide individuals with the means to become self-sufficient, productive contributors to the national economy and the tax base.

PANELISTS

ALBANY

Paul Burch (Chair)	Civil Service Employees Association Albany
John J. McEneny	City of Albany Human Resources Department
Effie Musella	New York State United Teachers Albany
Michael Cunningham	State Employment and Training Council Albany
Tim Grippen	State Employment and Training Council Albany

NEW YORK CITY

Luis Miranda (Chair)	Community Service Society New York City
Claudia Prieto	NYS Education Department Albany
Steven Golightly	Chautauqua County CETA Mayville
Xavier Rodriquez	Bathgate Coalition Bronx
Ken Hamlett	USDOL Region II Employment & Training Administration New York City

BUFFALO

Steven Golightly (Chair)	Chautauqua County CETA Mayville
Alice Bragg	Senior Citizens Center Buffalo
Willie Carter, Jr.	Rural N.Y. Farmworkers Opportunity, Inc. Rochester
David Echols	Department of Human Resources City of Buffalo

SYMPOSIA PARTICIPANTS

*James J. Hagen
International Association
of Personnel in Employment Security

*John J. McEneny
Commissioner, Human Resources
Department
City of Albany

Brian M. Smith
NYS Department of Social Services

John G. Dow
NYS Department of Labor

Glen Decker
Ulster County CETA

Mitchell Horowitz
Office of Development Planning

Michael Klein
Broome-Tioga CETA Consortiums

Ron Willis
NYS Division of Probation

Peter Mannella
NYS Association of Counties

David Gillette
NYS Education Department

*Frank Vaccaro
NYS Division of Alcoholism

*Dorothea Gray
Nassau County Office of
Employment & Training

*Blayne Bardo
Institute of Public Services Performance
New York City

*Joan Randell
NYS Division of Substance
Abuse Services

*Barbara Blum
Commissioner, New York State
Department of Social Services

Peter Cooke
NYS Education Department

John Martin
NYS Division for Youth

*Myrna Prieto
NYS Department of Labor

William Clairmont
NYS Department of Labor

Joan Komorowski
NYS Department of Labor

Richard McDevitt
Chairman, Albany PIC

Denise Bukovan
Director, Schoharie County CETA

Reverend Ernest Boston
NYS Department of Labor

Michael Cunningham
NYS Employment & Training Council

Barbara Sarkin
Ulster County CETA

Devra Rosado
Baisley Park Neighbors, Inc.
Jamaica

Harry Brockenberry
Concerned Citizens
Multi Purpose Center
Jamaica

Jerilyn Collier
Corporation for Youth Energy Corps
New York

*Walter Beach III
Y.M.C.A. P.A.C.E. Program
New York City

*John Whalen
Corporation for Youth Energy Corps
New York City

*Ethel Jenkins
Queens Licensed Practical Nurses

*Frank Lopez
ASPIRA of New York, Inc.

*Claudio Prieto
NYS Education Department

*Joe Hyler
Medgar Evers College
New York City

*Robin DeSilva
Operation Open City
New York City

*John Washington
American Indian Community House
New York City

*Cliff Frazier
Institute of New Cinema Artists
New York City

*David Bryant
U.A.W. Auto Training School
New York City

*Donald Menzi
New York City
Employment and Training Council

William A. Johnson, Jr.
Urban League of Rochester

John Fletcher
Neighborhood Service Center
Jamaica

Robert Bell
Project Survival
Bronx

Al Govine
Eleanor Advisory Council
New York City

Joseph M. Mpa
United Bronx Parents, Inc.
Bronx

Beatrix Claxton
NYC Mission Society
New York City

Sharon Williams
Elmcor
Corona

Dumar Wade
C.A.S.H.
New York City

Joyce Dudley
AFSCME, District Council 37
New York City

Susan Kerr
United Activities Unlimited, Inc.
Staten Island

James Coleman
BHRAGS, Inc.
Brooklyn

Bryce Murray
BHRAGS, Inc.
Brooklyn

David Jamison
NY Urban League, Inc.
Brooklyn

Eugene Smith
Outreach Community Service
Brooklyn

Raymond Kesper
NYS Education Department

Ann Marie Haase
NYS Education Department

Mary Rivera
Cypress Community Center
Bronx

Louise Dankberg
International Association of
Personnel in Employment Security

Lloyd D. Jones
Westchester PIC

Georgia McMurray
Community Service Society
New York City

Deryl McFadden
Transitional Services for N.Y. Inc.
Jamaica

John O. Calvin
8th Avenue Tenants League
for Senior Citizens
New York City

Lynne Huggins Smith
Rockland Community Action Council
Nyack

Ronnie Kauder
USDOL Region II
Employment & Training Administration
New York City

Amaury LaBoy
District III Civic Association
Brooklyn

Bill Sexton
Education Action Development
Brooklyn

Susan Pierce
Medgar Evers College
New York City

Vincent J. Roccaro
Nassau County Youth Board
Mineola

Joseph Scacalossi
NYS Job Service Division

Beulah Burnett
Development and Training
New York City

Sidney Way
Rural N.Y. Farmworkers
Opportunity, Inc.
Newburgh

Art Griffin
Builders for Family and Youth
Brooklyn

W.F. Burnside
NY Urban League
Brooklyn

S. Hall, Jr.
York College CUNY
New York City

Edward Johnson
S.A.B.C.
Bronx

Rosetta Frazier
Community Action Council
Brooklyn

Gerdu Steele
PMSSI
New York City

Barbara Hoffman
PMSSI
New York City

Ann I. Bourgois
College for the Human Services
New York City

Voyka Diggs
Harlem Teams for Self-Help
New York City

Paula Anderson
Bronx Community College

David Moore
Operation Open City
New York City

Cecilia Rutledge
Council for Opportunity
Jamiaca

Pedro Perez
Nat'l Puerto Rican Forum
New York City

Issac Robinson
Elmcor
Corona

*Cheryl L. Hogg
NYS Division for Youth
Buffalo

*John C. Doyle
Empire State Organization of
Youth Employment Services

*Myrna Ford
Displaced Homemakers Center
Buffalo

*Jeff Carlson
Urban League of Rochester

*Richard Desrochers
NYS Division for Youth

*Joan Howard
NYS Association of CETA Administrators

*John Brummer
City of Buffalo

Delores Browne
Oceanhill Brownville T.A.
Brooklyn

Valeria Eccleste
Girls Cluf of N.Y.
Bronx

Mustafa Ahmed
Westside Cluster
New York City

Philip Von Esch
Mobicentrics, Inc.
Bronx

Sol Kuper
NYS Department of Labor

Darryl Bell
Buffalo

Betty C. Gossett
Chautauqua County CETA

Frank Jahnke
Human Resources
Development Institute
Buffalo

Sinette Winfield
SUNY at Buffalo

Judy Kumler
Chautauqua County CETA

Donald Hoak
Communications Workers of America
Buffalo

Alice Law
Erie County CETA

Nancy Finley
Cattaraugus County CETA

*Charles Palms
Bedford Stuyvesant Restoration
Coroporation
Brooklyn

*Sister Mark Nearney
Project Green Hope
New York City

*Reverend John Peyton
Brooklyn Haitian Ralph and
Good Shepard, Inc.
Brooklyn

*Patricia Nay
Jobs for Youth, Inc.
New York City

Kenneth Lidge
St. Augustines Center
Buffalo

*Harry P. McKeown
International Association of
Personnel in Employment Security

Norm Utecht
Cattaraugus County CETA

Edward Piwowarczk
Erie County Advisory and
Planning Council

Michael Manolis
NYS Division for Youth

Craig Thomas
NYS Divisin for Youth

John Druar
State University College at Buffalo

*Presented testimony

Mr. **Weiss**. Thank you.

I think that the testimony was certainly comprehensive, and on that basis, I don't have any questions.

Are there any questions?

Mr. **Jeffords**. I am concerned about the problem of not having adequate funds to service all the people. Then you talk about raising the eligibility levels. The way we phrased it was that first priority was to be given to those at the lower income scales. I don't have any disagreement with the other proposals either, but if it is a choice between individuals or among individuals, should any priority be given to those that are below 70 percent of the BLS lower living standard? How would you work that?

Mr. **Brown**. Again, like a lot of things in our society, it is not a simple question. For example, if you give to those below 70 percent of the BLS lower living standard and those people have serious skill problems, and you are trying to prepare them for some jobs, entry level and slightly above, the question is the long time and cost that it takes to get them ready for those jobs might have a cumulative effect in terms of putting a lot of money into the program and not enough people to fill the jobs.

We are not saying we bring it up to 100, but to 85 percent. By allowing for some discretion, the programs could be tailored to the type of job situations that exist in the local community.

In New York State, right now, we have a lot of what they call back office jobs in the stock market and the banking industry which require probably at least an eighth-grade reading and math level. If you go too far below that 70 percent, you will find people, unfortunately, down to the fifth and second grade. In order to prepare them in adequate numbers and adequate time to that job need might take 2 years rather than 1 year.

You try to get a mix similarly where you have community based organizations, rather than respond to specific populations. We tried to expand to the black, Hispanic population in Brooklyn and Queens. In some instances, you may find a program that gets people closer to 75, 65 percent.

I know how difficult it is to deal with that. That is the reason why we objected to the rigidity of 50 percent on youth, a rigid 70.

Mr. **Jeffords**. Thank you very much.

Mr. **Weiss**. The next panel will be Ms. Joan Howard, president of the New York Association of CETA Administrators, who is accompanied by Mr. Peter Mannella, and Mr. Frank Nero from the New Jersey Department of Labor.

We have prepared statements from all of you. We will, or course, introduce the entire statement for the record. Can you summarize or highlight your testimony? That would be appreciated.

STATEMENT OF JOAN HOWARD, PRESIDENT, NEW YORK ASSOCIATION OF CETA ADMINISTRATORS

Ms. **Howard**. My name is Joan Howard, and I am the director of CETA programs in Sullivan County in the Catskill region of New York State. I am here in my capacity as president of the New York Association of CETA Administrators, an affiliate of the New York

State Association of Counties, and an organization representing CETA directors and their elected officials from all 31 prime sponsors and 30 balance of State counties in New York.

In principle and in recognition of the accomplishments of the current CETA delivery system, our association has resolved its support for Congressman Hawkins' H.R.5320, The Community Partnership for Employment and Training Act. My testimony today will reflect that support as well as discuss several aspects suggested in other proposals which are being considered by your subcommittee.

Our association is convinced that the revitalization and recovery of the American economy is substantially affected by our ability to provide the private businesses in our communities and States with an ample and adequately trained work force prepared in both occupational skills and with productive and efficient work attitudes. We feel that such a program currently exists under the much maligned acronym of CETA. CETA has taken and continues to take very serious and effective strides in producing that skilled and readied labor force that is so necessary to our economic strength.

CETA, through the vehicle of local and State administration, has a demonstrated record of effectiveness in training disadvantaged and unskilled workers as well as placing them into productive and meaningful jobs in the private sector. We believe that businesses have benefited from the existence of this employment and training program in numerous ways and that sugqestions to the contrary, which seem altogether too prevalent, just cannot be backed up by facts.

The prime sponsor community developed under CETA has involved the private business community in its labor market assistance activities through curriculum oversight committees, OJT streamlining, paperwork reductions, onsite training, supervisor upqrading, affirmative action recruitment, upgrading and retraining, tax incentives, and other activities designed with and for private sector use in bolstering the local work force. Prime sponsors around the Nation have only one interest at heart and that is to strike that crucial match between labor market needs and the skills and potentials of the unemployed and disadvantaged labor force.

Over our 8-year history, CETA has given access to the labor market to those dependent on income maintenance programs, which has allowed them to become productive and contributing members of their communities. CETA and its successor need not be seen simply as a social advocacy and income transfer program. They have not been and will never be mere antipoverty programs. In fact, there is a direct relationship of activities such as CETA to the supply-side slant of the administration's recovery program. That relationship resides in the fact that there are apparent shortages of skilled workers in many ocupational areas, shortages which will likely result in many of the projected recovery-created jobs going wanting and vacant.

We need to invest in the productive potential of our human capital, our people our labor force, in the energies and ambitions of our youth if the long-forecasted economic recovery is to take solid root.

Further, it has long been argued that we are in need of a comprehensive employment policy. We agree wholeheartedly and feel that that policy is best directed from the national level and implemented at the local.

We bring to you our basic positions on the future of employment and training efforts and program delivery in three general aspects: Funding and authorization, services delivery mechanisms, program options, and administration.

Our association supports passage of a bill which would provide employment and training with a permanent authorization as is included in the three congressionally intitiated bills. The permanent authorization and provisions for forward or multiyear funding would make long-term investments and programing on the part of the private sector more meaningful and their involvement more profitable.

One of the problems we have encountered in working with the private sector in economic expansion and industrial development efforts has been our inability to assure any reasonable flow of funds from one year to the next. Business cannot operate in such a way, and, it follows, Government cannot expect to deal realistically with business on such an awkward footing.

Second, on the question of funding levels, it is critical that programs be authorized funds sufficient to impact significantly on the extent and severity of the problems our unemployed are facing. We support a level of authorization which would enable the delivery system to effectively serve at least 10 percent of those identified as in need. Current fiscal year 1982 funding will allow our programs in New York State to reach only 4 percent of the identified and eligible population. Our reach must be much greater if we are to be able to respond adequately, otherwise we lay ourselves open to the continuing charge that our programs make no difference in the overall scheme of things.

Our association also supports and urges enactment of legislation which would continue to the greatest extent the coordination and delivery of such programs at the local level through the local government capacity. We agree that the best delivery system is that which resides at the level closest to those benefiting from the services delivered. Local governments are the only entities which can say that their business is to respond to the needs of both sides of the employment equation.

Our functions include the role of public assistance provider, community organizer, issues mediator, economic developer, planner, and a whole range of services and operations which include employment and training directly and by implication.

We see a continuing and increased role for the private sector in the planning, coordination, and delivery of local programs, but we are not convinced of business capacity or willingness to assume a role of ultimate accountability and responsibility for employment programs.

In light of this, we urge the continued development of a partnership between the employing private sector and the service providing public sector. Contrary to perceptions created by a variety of national-level business spokespersons, CETA and business have worked very closely and successfully in most communities. A strong PIC-like body with joint planning and concurrence roles is very necessary. That group should be consisting of a majority of private business representatives with significant labor, education, and CBO involvement. Its sole purpose should be the cooperative development of a community responsive labor market assistance program.

We support a role for the State governments which is coordinative and supportive to the local delivery system but which does not intrude on the discretion of local elected and business leaders to cooperate in the design of responsive and effective services. In this light, we strongly support the concepts embodied in Congressman Hawkins' proposed legislation which retain the current prime sponsor system.

While we do not oppose increased State level involvement, we strongly urge inclusion of automatic pass-through mechanisms based on national funding formulas. We would, however, express interest in Congressman Jeffords' language which provides for there to be consortium of local deliverers in those counties which fall short of the population criteria—thereby eliminating the concept of balance of State programs and placing ultimate control and responsibility at the appropriate local or regional level.

We also find the "incentive funds" language contained in Mr. Jeffords' proposal [at section 231] to be consistent with our view of the role of the State in efforts to enhance linkages, model program development and coordination of target group activities. Funds which are allocated to the States should allow the States to target efforts to population segments and labor force needs which have been identified as statewide or regional concerns and for which a concerted and joint State-local effort is necessary and proper.

The availability of funds and such authority would give the States the effective leverage they have needed to have influence in, but not control over, the design and coordination of locally responsive programs. The primary role of the local delivery system—both public and private partners—is the provision of employment and training to the disadvantaged, the semiskilled, the dislocated workers, and to the industries and businesses they will work for attainment of appropriate job skills.

The third general area of our comments and positions includes program design and administrative options. Our association continues to see a need for allowing flexibility at the delivery level in program and participant mix. We feel that the legislation ought to allow for the implementation of services and activities which respond to labor market needs and should not exclude such activities as subsidized job creation in the private or public sectors. In many instances and labor areas, subsidized work activities can be meaningful experiences, especially in rural areas and areas with little new employment growth.

In addition, we support the development of programs and services for dislocated workers and those persons who lost their jobs because of technological change or economic cycles.

Our association fully supports the close linkage of local employment and training activities with the functions of the job service in labor exchange and recruitment activities. While it may not be appropriate at this time to speak of merging CETA and Wagner-

Peyser functions, the legislation would do well to include provisions for cooperative, if not joint and similar, planning requirements. The two systems are complementary and could prove extremely effective in the absence of territorial tensions which have regrettably plagued ES-CETA relationships in the past.

We also wish to support the concept of job auditioning, or try-out employment, especially for youth activities. Private employers are often hesitant to bring young, unskilled, untested employees into their operations due to the perceived risks involved, especially when there is a history of personal or social problems attached to the youth—such as criminal records, dropping out of school, drug or alcohol abuse, and other factors frequently identified as youth related.

We also fully endorse the move toward program performance standards for employment and training activities. While we are aware of the many success stories and positive anecdotes on CETA, there is no clearcut means for demonstrating the overall success and impact of the program. CETA prime sponsors have been asked to shift gears so many times since the original inception of CETA, that one could rightfully say that we have had six or seven employment programs over the 8-year history of CETA and never have really had a single-minded response to the causes and symptoms of unemployment.

Performance standards ought to include rates of placements, job retention, income increases, decrease in income transfer dependency. The record shows and studies recently issued have documented that the current employment and training system has worked on a broad spectrum despite the confusion and disarray caused by frequent wrenching and redirection. A set of preidentified and agreed upon standards and expectations could only serve to make our work more efficient and goal driven rather than process driven.

One other issue we would like to raise is that of payments to participants for their participation in these activities. We recognize that there are many who are in need of employment services for whom participation becomes a financial burden due to transportation costs, child care, meals, materials, and other out-of-pocket expenses not really incurred in the face of limited fixed incomes or public assistance payments.

We reject the notion that allowance payments should be eliminated and suggest that allowances be left to local discretion within the parameters of program design. We therefore would support Mr. Hawkins' language continuing the provision and allowability of allowance and wages for trainees and program participants, but would also call your attention to the needs-based allowance concept included in Mr. Jeffords' proposal. This idea, while allowing such payments, also takes into consideration the fact that some participants may be more in need of allowances than others and that the payments system might be more responsive to and reflective of those needs if the system were indexed to the financial status of participants.

The New York Association of CETA Administrators considers the ongoing dialog on employment and training programs and policies to be extremely beneficial and feel that this process will serve to develop a stronger and more effective employment and training delivery network, one which can respond to the growing needs of our Nation's employers as well as the continuing and significant needs of the Nation's and our communities' unemployed.

The legislation which finally emerges needs to provide for an orderly transition and a gradual realinement of responsibilities and authorities, otherwise we will need another 8-year cycle to allow for the development of sound programs at a time when continuity would generate substantial long- and short-term benefits. The legislation needs to take into full and serious consideration the historical successes of the current delivery system and program approaches. CETA has not failed our economic system; it has in fact accomplished well all those myriad tasks that the Congress and several administrations have demanded of it.

I thank you for this opportunity to come before you as a representative of the CETA deliverers in the great State of New York and applaud the work of the committee and subcommittee in the employment and training area. We are especially appreciative of the attention and assistance provided by the committee staff on your behalf and fully expect to continue in our communications with you in the coming months. Our association's program administrator, Peter Mannella, is here with me today and we are both open to any questions you may have for additional information.

Again, thank you for your attention and consideration of our concerns and ideas.

Mr. Weiss. We will hold off until we have heard from Mr. Nero.

STATEMENT OF FRANK NERO, ASSISTANT COMMISSIONER FOR HUMAN RESOURCES, NEW JERSEY DEPARTMENT OF LABOR

Mr. Nero. Good afternoon, Mr. Chairman and distinguished Members of Congress. My name is Frank Nero and I am assistant commissioner for human resources in the New Jersey Department of Labor. I appreciate this opporunity to testify here today on the future direction of employment and training programs and to share with you some of New Jersey's concerns and some of our recommendations as well.

The need for employment training programs in New Jersey, I think, is obvious. As of January, our unemployment rate was 9.4 percent as compared to the national average of 8.5 percent. During 1981 the unemployment rate of our State youth population was 23.2 percent, much higher than the national average of 19.6 percent. Another indicator of our need for employability development services is the fact that New Jersey has a higher proportion of public assistance recipients than the Nation. While we have 3.3 percent of the Nation's population, we have 4.4 percent of that Nation's public assistance recipients.

New Jersey's industrial makeup is becoming increasingly service oriented, with an emphasis on high technology requiring a highly skilled work force. Over the past 5 years, New Jersey has suffered substantial losses of its labor intensive manufacturing industries, thus severely limiting the availability of entry level or unskilled jobs. The loss of manufacturing industries has also created a need for retraining services for the displaced workers, and these workers should be targeted in any future legislation.

The closing of the Mattawan plant in New Jersey, recent layoffs by General Motors in New Jersey has had a great impact on our already skilled and trained work force as to what is going to happen to them. Since the problem of rising unemployment and increasing numbers of persons relying on public assistance is shared by many States, it is in the national interest to invest Federal resources in employment and training programs; even more than that, it is the humane thing to do.

During August and September, the New Jersey State Employment and Training Council held a series of public hearings in the State in an attempt to gain insight into the issues important to the reauthorization of employment and training programs. The members heard from over 100 people that represented, I think, a real cross section of people. The message from all the persons testifying was very clear: It is the responsibility of government to continue an employment and training system. In its final report, a copy of which I have submitted for the committee, for you to look at and use, the State employment and training council recommended a series of steps that could be taken which would build on the strengths of the present system and at the same time move toward a more consistent and consolidated configuration.

Mr. Weiss. Mr. Nero, your entire statement and supporting documents will be entered into the record.

Mr. Nero. I would like to highlight several portions of my testimony.

They recommended the establishment of labor market-based planning bodies appointed by the Governor and consisting of representatives of local elected officials, education and the private sector. Such planning bodies would replace the current advisory councils now required under CETA and employment service legislation.

Each of these labor market areas would submit a consolidated plan for development services for the disadvantaged, labor exchange service for employers and all jobseekers, and career development services for inschool youth. These plans would replace the currently required individual plans for CETA, ES, and WIN.

In addition, delivery and accountability for services should continue to remain at the lowest practicable local level, since they are closest and most accessible to the people being served. Even in a small State such as New Jersey, differences between geographical areas with regard to types of job and population characteristics are significant.

We feel in New Jersey we have five or six economic areas; everything from what is happening in Atlantic City, the kind of jobs and opportunities available there, to our rural areas, we still have a great deal of localized farming up in the northern areas and the central manufacturing areas. There are a great many differences in a small State like New Jersey. These have to be reflected in the planning and implementation that takes place, in giving consent to the start of or continuation of programs to participate in delivery of training and employment.

Also proposed is a wider role for the Governor, giving the Governor the authority to concur in labor area plans and the responsibility for submission of a statewide plan for employment and training, provision of staff support to the labor market planning process, establishment of professional standards, administration of statewide labor exchange services, and provision of labor market information and technical assistance.

With the increasing need for employment and training services and the decreasing availability of funds to support these efforts, it is imperative that we seek ways to reduce waste, duplication, and competition within our service delivery systems. The current system of delivering employment and training services is made up of CETA, employment service, vocational education, higher education, and local education. This multitude of agencies, each vying for available funds, creates a waste of dollars due to turf fights and duplication of service delivery. We should not have to compete for the same participants or the same dollars. Each level should know its responsibilities and roles and they should be clearly defined.

This does not mean that any part of the system should shirk the responsibility of serving the most difficult to serve or the most difficult to place. What you have is everyone fighting for those who are easier to place, easier to train, trying to cream off dollars and also competition as to who is going to get the body, who is going to get the dollar. We had a great deal of difficulty in ironing out differences between the Department of Labor and the Department of Education. It should be, "What is the best way to serve the participants?"

Mr. WEISS. How did you resolve it?

Mr. NERO. We stood firm. Basically, what we tried to do, we instituted in New Jersey a contract where we had to have a contract for vocational education. We indicated in that contract there were certain standards we hoped to adhere to. We indicated if we had to, we would try and utilize methods to direct that money strictly to the vocational schools, as opposed to giving it through the department of education. We don't agree that it is a passthrough, that money automatically goes without any kind of accountability.

We had been given responsibility under the executive order of the Governor for administration of funds. We felt it was our responsibility to assure there would be some accountability in program performance and standards set in the ways those moneys were being expended.

These are the funds that are part of the Governor's moneys, that is, the Governor's special discretionary funds under CETA and are utilized in the vocational education area. That is part of the broader issue as to the overall utilization of the vocational educational funds and it complicates what the others are trying to do. That is the broader issue that has to be addressed. That is why it is a small skirmish looking at the larger issue.

Another example of that, one which troubles me, I was a locally elected county official. I remember distinctly leaving a meeting and walking down the hallway and seeing an empty welding classroom. The equipment was there, lights were turned off, and it wasn't being used. I drove 2 miles down the road to see a building rented by CETA money, housing a CETA welding training course. To me, there was a duplication of money, duplication of efforts. If there had been better planning, it could have been utilized for the CETA course.

We, in New Jersey, estimate that there are several hundred such bodies in existence at the State and local levels. Each of these advisory councils overlap in membership and responsibilities and very few coordinate their activities. It is placing a great deal of demand on the private sector folks by giving credibility to sit on all these councils. I say to members of the private sector they could probably make more money sitting on advisory boards.

We suggest that you replace the current separate CETA, Wagner-Peyser with a new consolidated legislation with specific allocations made for developmental services for the economically disadvantaged, services to employers and jobseekers, career development services for inschool youth, and national programs for native Americans, migrant and seasonal farmworkers, and the continuation of the Job Corps. By incorporating most major employment activities within a single piece of legislation, some of the competition and duplication in the planning and delivery of services can be markedly reduced.

Also, efforts should be taken toward consolidating State and local-required advisory councils. If New Jersey's recommendations for labor market-based planning bodies were implemented, the effect could mean 4 to 6 local councils, rather than the 90 we now have. Efforts have to be made once the labor market planning bodies are in place to bring other local education planning councils into the system. It is imperative to plan employment and training services in conjunction with local boards of education, community colleges, and vocational education institutions to effect a more consolidated and efficient delivery of services.

There is also a need for these groups to share utilization of space, teachers, and equipment to avoid duplication of program offerings and tap each others' talent and resources. In addition, efforts should be made to consolidate State advisory councils such as the State employment and training council, State occupational information coordinating committee, State advisory council on vocational education, and the State apprenticeship program. All of these councils have compatible goals and missions.

We also think it important to bring about closer coordination of vocational education, local education, and the employment and training system. There is a need for closely alining the planning of vocational education programs, local education, and employment and training programs with private sector employers' needs. This can be accomplished by developing compatible planning, funding cycles and requirements in the legislation and gradually adding portions of the Federal funds for vocational education and local education activities to the planning mix at the labor market areas. Private sector employers would then be involved in the design of occupational training to be operated by each of these agencies to insure training is geared to actual jobs rather than to the teachers and equipment that are available.

We once had an occasion where a firm donated a great deal of industrial equipment to one of our employment training programs in the State of New Jersey. The equipment was readily accepted. We trained a whole lot of people to be bakers. No one ever asked the question: Why was the equipment donated? The company was going out of business. There weren't any available jobs in the area for which these youngsters were trained. That is the kind of thing that has to be avoided. If the private sector is giving input to that, I think those kinds of programs would be eliminated.

In regard to coordination between education and employment and training, there is also a need to institute career development and awareness programs within the school systems in order to facilitate the transition of youth from school to work. I was a teacher at an urban school for 9 years. I saw a lot of youngsters who by the time I saw them in high school didn't really know what options they had. They had to have some career awareness as to what jobs were out there, what they had to do to make out in the world of work. They had to know there were options for them other than being a brain surgeon or porter. They had to have career options presented to them.

If you see these youngsters at 15 and 16 years old, if they are still in the system at the time, it is too late. There must be something to institutional career counseling in the schools.

Administratively, programs can be planned and operated more effectively and efficiently if funding levels were provided for a 2- to 3-year period. A longer range funding cycle would give the system stability which can significantly improve the quality of services being offered.

Also needed is an improved method of evaluating the ability of programs to successfully meet the needs of the unemployed, and members of the private sector. These standards should take into account local labor market conditions, the specific needs of the individuals served, and the levels of competency needed to satisfy employers' needs or a qualified, reliable work force.

Looking at local acceptable standards and certification, I think, are things that have to be examined. It has to be agreed upon locally and there have to be some common standards and acceptance, among those, educational and training service deliverers.

We have examined the employment and training bills proposed by Senator Daniel Quayle and Senator Edward Kennedy, Representative James Jeffords, Representative Augustus Hawkins, and the proposed revisions by the administration and would like to share our observations with you.

We feel, importantly, many of our citizens will not be able to compete in the normal work force regardless of how many jobs are available. We have been involved in economic development efforts in the State to create more jobs. The key is we also need people who are skilled and trained to be able to fill those jobs. Just merely creating jobs doesn't mean you are going to have people to be able to fill them.

I commend Mr. Hawkins for his realization that while there are problems with the current system, there are many valuable and needed programs being offered. I also agree that there are some segments of the population that cannot compete in the normal labor market and the Government must create jobs for these individuals until they are ready for private sector employment.

I reviewed Mr. Jeffords' proposed bill and commend him for his efforts to revamp our currently segmented employment, training, and educational system into what seems to be a more manageable, consistent, and consolidated approach. I also support his efforts to consolidate State advisory councils both for the State and local areas, his concept of regional, and State planning by the labor force investment boards, and his attempt to clearly define the relationships and the responsibilities of the Federal, State, regional, and local levels, as well as each component and agency, in making the system operate.

I do have concern, however, regarding the restrictiveness of the allowable program offerings. The labor market investment boards should be given more flexibility in designing and tailoring program activities to meet the particular needs of the individuals to be served. Mr. Jeffords' bill was the only proposed legislation that addressed the need for providing occupational information and orientation to the world of work for inschool youth. As I have indicated, I have found those to be crucial to solving the problem of high youth unemployment.

I also support some of the points expressed by Mr. Quayle and Mr. Kennedy in the training for jobs program: The increased involvement of the private sector in planning occupational training programs, the requirement that the local planning bodies must submit plans for training and employment service activities, and the increased role for the Governor in concurring with local plans. I believe that the program could be strengthened if the Governor had the authority to select planning areas which take into account labor market conditions and boundaries. The plan requirements for the developmental services, the employment services, and displaced workers' programs should be consolidated so that area planning bodies would submit only one comprehensive plan for all services provided in its area. This would reduce duplication and paperwork.

I support the administration's attempt to make improvements in the employment and training system, however, limiting eligibility to just two groups of public assistance recipients and the youth population will not enable us to serve economically disadvantaged persons at all levels. Allowance payments should be able to be made available to economically disadvantaged persons with no other sources of income. A complete prohibition of allowances prevent those who need service most from participating in the program.

From the SETC's public hearing experiences, it was found that while the private sector was interested and willing to advise program operators on the types of occupational training to be provided and to hire program completers who met their qualifications, they made it clear that it was the Federal Government's responsibility to manage and finance the task of making our economically disadvantaged population employable. I feel it is unrealistic to expect the private sector to be the managers of all the needed services for the economically disadvantaged—educational competency, attitude changes, supportive services, et cetera. I also cannot fully support the idea of a performance based allocation system which may cause program operators to cream and not necessarily serve the most need and most difficult to place.

Again, I would like to thank you for allowing us to share our comments with you. We have presented the full report of the SETC's recommendations for your consideration. Thank you.

[The prepared statement of Frank Nero follows:]

Prepared Statement of Frank R. Nero, Assistant Commissioner for Human Resources, New Jersey Department of Labor

GOOD MORNING/AFTERNOON, MY NAME IS FRANK NERO, ASSISTANT COMMISSIONER FOR HUMAN RESOURCES, IN THE NEW JERSEY DEPARTMENT OF LABOR. I APPRECIATE THIS OPPORTUNITY TO TESTIFY HERE TODAY ON THE FUTURE DIRECTION OF EMPLOYMENT AND TRAINING PROGRAMS AND TO SHARE WITH YOU SOME OF NEW JERSEY'S MAJOR CONCERNS AND RECOMMENDATIONS.

I COMMEND CHAIRMAN AUGUSTUS HAWKINS AND THE OTHER MEMBERS OF THIS SUBCOMMITTEE FOR YOUR RECOGNITION OF THE NEED TO EXAMINE THE CURRENT FRAMEWORK OF EMPLOYMENT AND TRAINING AND YOUR INTEREST AND CONCERN FOR THE NEEDS OF NEW JERSEY.

THE NEED FOR EMPLOYMENT AND TRAINING PROGRAMS IN NEW JERSEY IS OBVIOUS. OUR UNEMPLOYMENT RATE AS OF JANUARY WAS 9.4% AS COMPARED TO THE NATIONAL AVERAGE OF 8.5%. IN ADDITION, THE UNEMPLOYMENT RATE OF OUR STATE YOUTH POPULATION DURING 1981 WAS 23.2%, MUCH HIGHER THAN THE NATIONAL AVERAGE OF 19.6%. ANOTHER INDICATOR OF OUR NEED FOR EMPLOYABILITY DEVELOPMENT SERVICES IS THE FACT THAT NEW JERSEY HAS A HIGHER PROPORTION OF PUBLIC ASSISTANCE RECIPIENTS THAN THE NATION. WHILE WE HAVE 3.3% OF THE NATION'S POPULATION, WE HAVE 4.4% OF THE NATION'S PUBLIC ASSISTANCE RECIPIENTS.

NEW JERSEY'S INDUSTRIAL MAKEUP IS BECOMING INCREASINGLY SERVICE ORIENTED, WITH AN EMPHASIS ON HIGH TECHNOLOGY, REQUIRING A HIGHLY SKILLED WORKFORCE. OVER THE PAST FIVE YEARS, NEW JERSEY HAS SUFFERED SUBSTANTIAL LOSSES OF ITS LABOR INTENSIVE

MANUFACTURING INDUSTRIES THUS SEVERELY LIMITING THE AVAILABILITY OF ENTRY LEVEL OR UNSKILLED JOBS. THE LOSS OF MANUFACTURING INDUSTRIES ALSO HAS CREATED A NEED FOR RETRAINING SERVICES FOR THE DISPLACED WORKERS, AND THESE WORKERS SHOULD BE TARGETED IN ANY FUTURE LEGISLATION.

DEVELOPMENTAL AND TRAINING SERVICES ARE NEEDED TO ENHANCE THE EMPLOYABILITY AND PRODUCTIVITY OF THE UNEMPLOYED. THIS IS FAR TOO GREAT A NEED FOR STATES TO MEET ALONE. SINCE THE PROBLEM OF RISING UNEMPLOYMENT AND INCREASING NUMBERS OF PERSONS RELYING ON PUBLIC ASSISTANCE IS SHARED BY MANY STATES, IT IS IN THE NATIONAL INTEREST TO INVEST FEDERAL RESOURCES IN EMPLOYMENT AND TRAINING PROGRAMS, EVEN MORE THAN THAT, IT IS THE HUMANE THING TO DO.

DURING AUGUST AND SEPTEMBER, THE NEW JERSEY STATE EMPLOYMENT AND TRAINING COUNCIL HELD A SERIES OF PUBLIC HEARINGS IN THE STATE IN AN ATTEMPT TO GAIN INSIGHT INTO THE ISSUES IMPORTANT TO THE REAUTHORIZATION OF EMPLOYMENT AND TRAINING PROGRAMS. THE MEMBERS HEARD FROM MORE THAN ONE HUNDRED CONCERNED PEOPLE AND EXAMINED ABOUT FORTY ISSUE AND POLICY STATEMENTS FROM STATE AND NATIONAL ORGANIZATIONS AND INTEREST GROUPS TO PROVIDE A BROAD PERSPECTIVE IN ADDRESSING THE ISSUES. THOSE TESTIFYING REPRESENTED PRIME SPONSORS, CLIENT INTEREST GROUPS, RECIPIENTS OF SERVICE, EDUCATIONAL AGENCIES, PRIVATE

SECTOR EMPLOYERS AND COMMUNITY-BASED ORGANIZATIONS. THE MESSAGE FROM ALL THE PERSONS TESTIFYING WAS CLEAR: IT IS THE RESPONSIBILITY OF GOVERNMENT TO CONTINUE AN EMPLOYMENT AND TRAINING SYSTEM. IN ITS FINAL REPORT, THE SETC RECOMMENDED A SERIES OF STEPS THAT COULD BE TAKEN WHICH WOULD BUILD ON THE STRENGTHS OF THE PRESENT SYSTEM AND AT THE SAME TIME MOVE TOWARD A MORE CONSISTENT AND CONSOLIDATED CONFIGURATION.

I SUPPORT MANY OF THE COUNCIL'S FINDINGS AND WOULD LIKE TO SHARE SOME OF THE MOST IMPORTANT RECOMMENDATIONS WITH YOU. THEY ARE:

- THE ESTABLISHMENT OF LABOR MARKET-BASED PLANNING BODIES APPOINTED BY THE GOVERNOR AND CONSISTING OF REPRESENTATIVES OF LOCAL ELECTED OFFICIALS, EDUCATION, AND THE PRIVATE SECTOR. SUCH PLANNING BODIES WOULD REPLACE THE CURRENT ADVISORY COUNCILS NOW REQUIRED UNDER CETA AND EMPLOYMENT SERVICE LEGISLATION.

- EACH OF THESE LABOR MARKET AREAS WOULD SUBMIT A CONSOLIDATED PLAN FOR: DEVELOPMENT SERVICES FOR THE DISADVANTAGED, LABOR EXCHANGE SERVICE FOR EMPLOYERS AND ALL JOBSEEKERS, AND CAREER DEVELOPMENT SERVICES FOR IN-SCHOOL YOUTH. THESE PLANS WOULD REPLACE THE CURRENTLY REQUIRED INDIVIDUAL PLANS FOR CETA, E.S. AND WIN.

- DELIVERY AND ACCOUNTABILITY FOR SERVICES SHOULD CONTINUE TO REMAIN AT THE LOWEST PRACTICABLE LOCAL LEVEL, SINCE THEY ARE CLOSEST AND MOST ACCESSIBLE TO THE PEOPLE BEING SERVED. EVEN IN A SMALL STATE SUCH AS NEW JERSEY, DIFFERENCES BETWEEN GEOGRAPHICAL AREAS WITH REGARD TO TYPES OF JOB AND POPULATION CHARACTERISTICS ARE SIGNIFICANT.

- PRIVATE SECTOR INVOLVEMENT SHOULD BE REQUIRED IN THE DESIGN OF OCCUPATIONAL TRAINING AND IN GIVING CONSENT TO THE START OF OR CONTINUATION OF SPECIFIC PROGRAMS. THE PRIVATE SECTOR SHOULD ALSO BE ENCOURAGED TO PARTICIPATE IN THE DELIVERY OF TRAINING AND IN LOANING EQUIPMENT AND PERSONNEL.

- ALSO PROPOSED IS A WIDER ROLE FOR THE GOVERNOR, GIVING THE GOVERNOR THE AUTHORITY TO CONCUR IN LABOR AREA PLANS AND THE RESPONSIBILITY FOR SUBMISSION OF A STATEWIDE PLAN FOR EMPLOYMENT AND TRAINING, PROVISION OF STAFF SUPPORT TO THE LABOR MARKET PLANNING PROCESS, ESTABLISHMENT OF PROFESSIONAL STANDARDS, ADMINISTRATION OF STATEWIDE LABOR EXCHANGE SERVICES, AND PROVISION OF LABOR MARKET INFORMATION AND TECHNICAL ASSISTANCE.

WITH THE INCREASING NEED FOR EMPLOYMENT AND TRAINING SERVICES AND THE DECREASING AVAILABILITY OF FUNDS TO SUPPORT THESE EFFORTS, IT IS IMPERATIVE THAT WE SEEK WAYS TO REDUCE WASTE, DUPLICATION AND COMPETITION WITHIN OUR SERVICE DELIVERY SYSTEMS. THE CURRENT SYSTEM OF DELIVERING EMPLOYMENT AND TRAINING SERVICES IS MADE UP OF CETA, EMPLOYMENT SERVICE, VOCATIONAL EDUCATION, HIGHER EDUCATION AND LOCAL EDUCATION. THIS MULTITUDE OF AGENCIES, EACH VYING FOR AVAILABLE FUNDS, CREATES A WASTE OF DOLLARS DUE TO "TURF" FIGHTS AND DUPLICATION OF SERVICE DELIVERY. WE SHOULD NOT HAVE TO COMPETE FOR THE SAME PARTICIPANTS OR THE SAME DOLLARS. EACH LEVEL SHOULD KNOW ITS RESPONSIBILITIES AND ROLES SHOULD BE CLEARLY DEFINED. THIS DOES NOT MEAN THAT ANY PART OF THE SYSTEM SHOULD SHIRK THE RESPONSIBILITY OF SERVING THE MOST DIFFICULT TO SERVE OR MOST DIFFICULT TO PLACE. COMPATIBLE AND COORDINATED SYSTEMS MEAN THAT EACH PLAYER KNOWS WHO IS SUPPOSED TO DO WHAT AND FOR WHOM.

ANOTHER EXAMPLE OF THE DUPLICATION PROBLEMS WE NOW HAVE IS THAT OF ADVISORY COUNCILS. IN NEW JERSEY, WE ESTIMATE THAT THERE ARE SEVERAL HUNDRED SUCH BODIES IN EXISTENCE AT THE STATE AND LOCAL LEVELS. EACH OF THESE COUNCILS OVERLAP IN MEMBERSHIP AND RESPONSIBILITIES AND VERY FEW COORDINATE THEIR ACTIVITIES. THIS MUST ALSO BE CHANGED.

WHAT WE SUGGEST IS TO FIRST REPLACE THE CURRENT SEPARATE CETA, WAGNER-PEYSER, AND WIN LEGISLATION WITH A NEW CONSOLIDATED LEGISLATION WITH SPECIFIC ALLOCATIONS MADE FOR: DEVELOPMENTAL SERVICES FOR THE ECONOMICALLY DISADVANTAGED;

SERVICES TO EMPLOYERS AND JOBSEEKERS; CAREER DEVELOPMENT SERVICES FOR IN-SCHOOL YOUTH; AND NATIONAL PROGRAMS FOR NATIVE AMERICANS, MIGRANT AND SEASONAL FARMWORKERS, AND THE CONTINUATION OF JOB CORPS. BY INCORPORATING MOST MAJOR EMPLOYMENT ACTIVITIES WITHIN A SINGLE PIECE OF LEGISLATION SOME OF THE COMPETITION AND DUPLICATION IN THE PLANNING AND DELIVERY OF SERVICES CAN BE MARKEDLY REDUCED.

ALSO, EFFORTS SHOULD BE TAKEN TOWARD CONSOLIDATING STATE AND LOCAL REQUIRED ADVISORY COUNCILS. IF NEW JERSEY'S SETC'S RECOMMENDATIONS FOR LABOR MARKET-BASED PLANNING BODIES WERE IMPLEMENTED, THE EFFECT COULD MEAN 4 - 6 LOCAL COUNCILS, RATHER THAN THE 90 WE NOW HAVE. EFFORTS HAVE TO BE MADE ONCE THE LABOR MARKET PLANNING BODIES ARE IN PLACE TO BRING OTHER LOCAL EDUCATION PLANNING COUNCILS INTO THE SYSTEM. IT IS IMPERATIVE TO PLAN EMPLOYMENT AND TRAINING SERVICES IN CONJUNCTION WITH LOCAL BOARDS OF EDUCATION, COMMUNITY COLLEGES AND VOCATIONAL EDUCATION INSTITUTIONS TO EFFECT A MORE CONSOLIDATED AND EFFICIENT DELIVERY OF SERVICES. THERE IS ALSO A NEED FOR THESE GROUPS TO SHARE UTILIZATION OF SPACE, TEACHERS AND EQUIPMENT TO AVOID DUPLICATION OF PROGRAM OFFERINGS, AND TAP EACH OTHERS TALENT AND RESOURCES. IN ADDITION, EFFORTS SHOULD BE MADE TO CONSOLIDATE STATE ADVISORY COUNCILS SUCH AS THE STATE EMPLOYMENT AND TRAINING COUNCIL, STATE OCCUPATIONAL INFORMATION COORDINATING COMMITTEE, STATE ADVISORY COUNCIL ON VOCATIONAL EDUCATION, AND THE STATE

APPRENTICESHIP COUNCIL. ALL OF THESE COUNCILS HAVE COMPATIBLE GOALS AND MISSIONS.

EFFORTS MUST BE MADE TO BRING ABOUT CLOSER COORDINATION OF VOCATIONAL EDUCATION, LOCAL EDUCATION AND THE EMPLOYMENT AND TRAINING SYSTEM. THERE ALSO IS A NEED FOR CLOSELY ALIGNING THE PLANNING OF VOCATIONAL EDUCATION PROGRAMS, LOCAL EDUCATION, AND EMPLOYMENT AND TRAINING PROGRAMS WITH PRIVATE SECTOR EMPLOYERS' NEEDS. THIS CAN BE ACCOMPLISHED BY DEVELOPING COMPATIBLE PLANNING, FUNDING CYCLES AND REQUIREMENTS IN THE LEGISLATION AND GRADUALLY ADDING PORTIONS OF THE FEDERAL FUNDS FOR VOCATIONAL EDUCATION AND LOCAL EDUCATION ACTIVITIES TO THE PLANNING MIX AT THE LABOR MARKET AREAS. PRIVATE SECTOR EMPLOYERS WOULD THEN BE INVOLVED IN THE DESIGN OF OCCUPATIONAL TRAINING TO BE OPERATED BY EACH OF THESE AGENCIES TO INSURE TRAINING IS GEARED TO ACTUAL JOBS RATHER THAN TO THE TEACHERS AND EQUIPMENT THAT ARE AVAILABLE.

IN REGARDS TO COORDINATION BETWEEN EDUCATION AND EMPLOYMENT AND TRAINING, THERE IS ALSO A NEED TO INSTITUTE CAREER DEVELOPMENT AND AWARENESS PROGRAMS WITHIN THE SCHOOL SYSTEMS IN ORDER TO FACILITATE THE TRANSITION OF YOUTH FROM SCHOOL TO WORK. STUDENTS DID NOT KNOW WHAT VOCATIONAL AND EDUCATIONAL OPPORTUNITIES THERE WERE - WHAT SKILLS, TRAINING AND EDUCATION WERE NEEDED TO ATTAIN THEM. YOUNGSTERS SHOULD KNOW

THERE ARE ALOT OF CHOICES OTHER THAN BEING A BRAIN SURGEON OR A PORTER. SCHOOLS MUST GEAR THEIR PROGRAMS TO REAL JOBS, REAL CAREERS, REAL OPPORTUNITIES. YOUNGSTERS CAN AND WILL SUCCEED IF WE REQUIRE THEM TO, AS OPPOSED TO EXPECTED LOW ACHIEVEMENT AND FAILURE. WHILE MANY OF THE PROPOSED BILLS HAVE IN-SCHOOL PROGRAMS, THEY DO NOT FOCUS ON THE NEED TO EFFECTUATE INSTITUTIONAL CHANGE IN THE SCHOOL SYSTEM. WHAT WE PROPOSE IS TO MAKE GRANTS TO SCHOOL SYSTEMS WHICH DESIRE TO INSTITUTIONALIZE A SYSTEM OF PROVIDING VOCATIONAL PREPARATION AND CAREER COUNSELING. THIS DOES NOT ONLY MEAN OCCUPATIONAL SKILLS TRAINING, BUT DOES MEAN PROVIDING YOUTH WITH AN UNDERSTANDING OF AVAILABLE JOBS AND THE WORKER HABITS AND SKILLS NEEDED TO OBTAIN THESE JOBS. THE SYSTEM SHOULD ALSO INCLUDE ASSISTANCE TO YOUTH THROUGHOUT THEIR SCHOOL YEARS IN PLANNING THEIR CAREER AIMS AND GOALS. PROVISION OF THESE SERVICES SHOULD BE SUPPLIED NOT ONLY BY GUIDANCE COUNSELORS BUT BY ALL TEACHERS IN THEIR DAILY INSTRUCTION.

BOARDS OF EDUCATION AND SCHOOL ADMINISTRATORS MUST BEGIN TO PAY MORE ATTENTION TO THE QUALITY OF THEIR PRODUCTS. THEY SHOULD LISTEN TO EMPLOYERS, COLLEGES, ETC., AND CHANGE CURRICULUMS AND METHODS ACCORDINGLY. THIS MUST BE DONE TO STEM THE TIDE OF UNEMPLOYED AND UNPREPARED YOUTH POURING OUT OF OUR SCHOOL SYSTEMS.

ADMINISTRATIVELY, PROGRAMS CAN BE PLANNED AND OPERATED MORE EFFECTIVELY AND EFFICIENTLY IF FUNDING LEVELS WERE PROVIDED FOR A TWO TO THREE YEAR PERIOD. A LONGER RANGE FUNDING CYCLE WOULD GIVE THE SYSTEM STABILITY WHICH CAN SIGNIFICANTLY IMPROVE THE QUALITY OF SERVICES BEING OFFERED.

ALSO NEEDED IS AN IMPROVED METHOD OF EVALUATING THE ABILITY OF PROGRAMS TO SUCCESSFULLY MEET THE NEEDS OF THE UNEMPLOYED. PROFESSIONAL AND PROGRAM STANDARDS SHOULD BE DEVELOPED BY THE GOVERNORS IN CONSULTATION WITH LOCAL DELIVERERS AND MEMBERS OF THE PRIVATE SECTOR. THESE STANDARDS SHOULD TAKE INTO ACCOUNT LOCAL LABOR MARKET CONDITIONS, THE SPECIFIC NEEDS OF THE INDIVIDUALS SERVED, AND THE LEVELS OF COMPETENCY NEEDED TO SATISFY EMPLOYERS' NEEDS. IT IS IMPORTANT FOR THE QUALITY OF TRAINING PROGRAMS TO SATISFY EMPLOYER NEEDS FOR A QUALIFIED, RELIABLE WORKFORCE.

WITH THESE POINTS IN MIND, WE HAVE EXAMINED THE EMPLOYMENT AND TRAINING BILLS PROPOSED BY SENATORS DANIEL QUAYLE AND EDWARD KENNEDY, REPRESENTATIVE JAMES JEFFORDS, REPRESENTATIVE AUGUSTUS HAWKINS AND THE PROPOSED REVISIONS BY THE ADMINISTRATION AND WOULD LIKE TO SHARE OUR OBSERVATIONS WITH YOU.

I WOULD LIKE TO COMMEND ALL OF YOU FOR YOUR CONCERN FOR- THE NEEDS OF OUR NATION'S DISADVANTAGED POPULATION IT IS THIS POPULATION THAT WILL NOT BE ABLE TO COMPETE IN THE NORMAL WORKFORCE WITHOUT THE BENEFIT OF TRAINING AND DEVELOPMENTAL SERVICES REGARDLESS OF HOW MANY JOBS ARE AVAILABLE.

I COMMEND MR. HAWKINS FOR HIS REALIZATION THAT WHILE THERE ARE PROBLEMS WITH THE CURRENT SYSTEM, THERE ARE MANY VALUABLE AND NEEDED PROGRAMS BEING OFFERED. I ALSO AGREE THAT THERE ARE SOME SEGMENTS OF THE POPULATION THAT CANNOT COMPETE IN THE NORMAL LABOR MARKET AND THE GOVERNMENT MUST CREATE JOBS FOR THESE INDIVIDUALS UNTIL THEY ARE READY FOR PRIVATE SECTOR EMPLOYMENT.

I REVIEWED MR. JEFFORDS' PROPOSED BILL AND COMMEND HIM FOR HIS EFFORTS TO REVAMP OUR CURRENTLY SEGMENTED EMPLOYMENT, TRAINING, AND EDUCATIONAL SYSTEM INTO WHAT SEEMS TO BE A MORE MANAGEABLE, CONSISTENT AND CONSOLIDATED APPROACH. I ALSO SUPPORT HIS EFFORTS TO CONSOLIDATE STATE ADVISORY COUNCILS BOTH FOR THE STATE AND LOCAL AREAS, HIS CONCEPT OF REGIONAL AND STATE PLANNING BY THE LABOR FORCE INVESTMENT BOARDS, AND HIS ATTEMPT TO CLEARLY DEFINE THE RELATIONSHIPS AND THE RESPONSIBILITIES OF THE FEDERAL, STATE, REGIONAL AND LOCAL LEVELS, AS WELL AS EACH COMPONENT AND AGENCY, IN MAKING THE SYSTEM OPERATE. I DO HAVE CONCERN REGARDING THE RESTRICTIVENESS OF THE ALLOWABLE PROGRAM OFFERINGS. THE LABOR MARKET INVESTMENT

BOARDS SHOULD BE GIVEN MORE FLEXIBILITY IN DESIGNING AND TAILORING PROGRAM ACTIVITIES TO MEET THE PARTICULAR NEEDS OF THE INDIVIDUALS TO BE SERVED. MR. JEFFORDS' BILL WAS THE ONLY PROPOSED LEGISLATION THAT ADDRESSED THE NEED FOR PROVIDING OCCUPATIONAL INFORMATION AND ORIENTATION TO THE WORLD OF WORK FOR IN-SCHOOL YOUTH. AS I STATED BEFORE, WE FIND THESE SERVICES TO BE CRUCIAL TO SOLVING THE PROBLEM OF HIGH YOUTH UNEMPLOYMENT. I HOPE THAT THE FUTURE LEGISLATION INCORPORATES THE PLANNING AND MANAGEMENT SYSTEMS PROPOSED IN MR. JEFFORDS' LABOR FORCE INVESTMENT ACT.

I ALSO SUPPORT SOME OF THE POINTS EXPRESSED BY MR. QUAYLE AND MR. KENNEDY IN THE TRAINING FOR JOBS PROGRAM: THE INCREASED INVOLVEMENT OF THE PRIVATE SECTOR IN PLANNING OCCUPATIONAL TRAINING PROGRAMS, THE REQUIREMENT THAT THE LOCAL PLANNING BODIES MUST SUBMIT PLANS FOR TRAINING AND EMPLOYMENT SERVICE ACTIVITIES, AND THE INCREASED ROLE FOR THE GOVERNOR IN CONCURRING WITH LOCAL PLANS. I BELIEVE THAT THE PROGRAM COULD BE STRENGTHENED IF THE GOVERNOR HAD THE AUTHORITY TO SELECT PLANNING AREAS WHICH TAKE INTO ACCOUNT LABOR MARKET CONDITIONS AND BOUNDARIES. THE PLAN REQUIREMENTS FOR THE DEVELOPMENTAL SERVICES, THE EMPLOYMENT SERVICES, AND DISPLACED WORKERS PROGRAMS, SHOULD BE CONSOLIDATED SO THAT AREA PLANNING BODIES WOULD SUBMIT ONLY ONE COMPREHENSIVE PLAN FOR ALL SERVICES PROVIDED IN ITS AREA. THIS WOULD REDUCE DUPLICATION AND PAPERWORK.

I SUPPORT THE ADMINISTRATION'S ATTEMPT TO MAKE IMPROVEMENTS IN THE EMPLOYMENT AND TRAINING SYSTEM, HOWEVER, LIMITING ELIGIBILITY TO JUST TWO GROUPS OF PUBLIC ASSISTANCE RECIPIENTS AND THE YOUTH POPULATION, WILL NOT ENABLE US TO SERVE ECONOMICALLY DISADVANTAGED PERSONS AT ALL LEVELS. ALLOWANCE PAYMENTS SHOULD BE ABLE TO BE MADE AVAILABLE TO ECONOMICALLY DISADVANTAGED PERSONS WITH NO OTHER SOURCES OF INCOME. A COMPLETE PROHIBITION OF ALLOWANCES PREVENT THOSE WHO NEED SERVICE MOST FROM PARTICIPATING IN THE PROGRAM.

FROM THE SETC'S PUBLIC HEARINGS EXPERIENCES, IT WAS FOUND THAT WHILE THE PRIVATE SECTOR WAS INTERESTED AND WILLING TO ADVISE PROGRAM OPERATORS ON THE TYPES OF OCCUPATIONAL TRAINING TO BE PROVIDED AND TO HIRE PROGRAM COMPLETERS WHO MET THEIR QUALIFICATIONS, THEY MADE IT CLEAR THAT IT WAS THE FEDERAL GOVERNMENT'S RESPONSIBILITY TO MANAGE AND FINANCE THE TASK OF MAKING OUR ECONOMICALLY DISADVANTAGED POPULATION EMPLOYABLE. I FEEL IT IS UNREALISTIC TO EXPECT THE PRIVATE SECTOR TO BE THE MANAGERS OF ALL THE NEEDED SERVICES FOR THE ECONOMICALLY DISADVANTAGED (EDUCATIONAL COMPETENCY, ATTITUDE CHANGES, SUPPORTIVE SERVICES, ETC.). I ALSO CANNOT FULLY SUPPORT THE IDEA OF A PERFORMANCE BASED ALLOCATION SYSTEM WHICH MAY CAUSE PROGRAM OPERATORS TO "CREAM" AND NOT NECESSARILY SERVE THE MOST NEEDY AND MOST DIFFICULT TO PLACE.

I HAVE WITH ME COPIES OF THE FULL REPORT FROM THE SPECIAL COMMITTEE ON PUBLIC HEARINGS AS WELL AS A NEW JERSEY STATE EMPLOYMENT AND TRAINING COUNCIL STAFF EFFORT TO

INCORPORATE THE COUNCIL'S RECOMMENDATIONS INTO A LEGISLATIVE FORMAT. I RESPECTFULLY REQUEST THAT YOU ALLOW THESE DOCUMENTS TO BECOME PART OF MY COMPLETE TESTIMONY. WE ALSO HAVE EXTRA COPIES FOR OTHER INTERESTED PARTIES AND MEMBERS OF THE PRESS.

AGAIN, I WOULD LIKE TO THANK YOU FOR PROVIDING THIS OPPORTUNITY FOR ME TO SHARE MY COMMENTS AND CONCERNS WITH YOU. I HOPE THE RECOMMENDATIONS WILL PROVE HELPFUL IN DEVELOPING LEGISLATION THAT WILL EFFECTIVELY MEET THE NEED FOR TRAINING AND EMPLOYMENT SERVICES FOR OUR NATION'S UNEMPLOYED AND DISADVANTAGED POPULATION, WHILE PROVIDING A QUALIFIED WORKFORCE FOR OUR NATION'S EMPLOYERS.

I WILL BE HAPPY TO ANSWER ANY QUESTIONS YOU MAY HAVE AT THIS TIME.

Mr. WEISS. Thank you very much.

I have one question, I guess, on coordination. On page 7 you referred in your testimony to bringing about closer coordination of vocational education, local education and the employment and training system. Has any significant effort been made to do that? Do you have any kind of handle on what kind of realistic training is being offered in vocational education programs? Are the kids who take those courses really being trained for the real work world or is it academia and forget about reality?

Mr. NERO. One of the problems I see with vocational education is many times I think that training is based upon the types of equipment and the teachers that they have as opposed to training for the kinds of needs that are really out there. I am a former teacher and we get into a lot of these fights. I think that happens to be the case.

One of the things we did do in New Jersey this year, which was thought was somewhat unique, was we got together with the members of vocational education and started a joint fund. There was some type of effort to move forward into coordination. We have a new administration in New Jersey. I know the Governor has indicated his concerns about trying to bring together an overall perspective as to the kinds of services each of his departments are trying to provide and get better coordination there.

There is a new administration, so I can't tell you what the next step is going to be. I think that it concerns at least what we have expressed; I think also the kinds of coordination lacking on the local level. It is very rare that I find a local board of education would sit down with members of the vocational board of education and actually talk to each other as to who was doing what or to talk to members of the private community to say what kind of jobs are available, what kind of skills are needed.

Let's take a look at our curriculum. One of the things I said to our board of education, if they were more concerned about why Johnny can't read as opposed to why the Johnny's don't flush, maybe we would have better products being turned out in the schools. In New Jersey, home rule, local control, a former Governor used to say in many places in the country, home rule is a mythical philosophy, and in New Jersey it is a religion. Rather than use that as an obstacle, we feel if the coordination could start at the local level, we could use what has been an obstacle before to coordinate the services, get those services working together in some kind of plan to recognize different economic problems a State has by having some planning and coordinated efforts be stronger in the Governor's role. That is the mix we would like to see.

The prime sponsor has been too restrictive in that.

Mr. WEISS. If you would keep the committee apprised of any advances or developments, it would be very helpful.

I have been asking questions similar to those I have asked you in a number of different places around the country. The recipients of vocational education funds seem to be much more concerned about being sure they don't lose the money rather than what it is they really do with the money.

Thank you.

Ms. Howard, I have one question for you. It is really a comment.

You referred in the latter part of your testimony to the various shifts in the CETA program over the years. I couldn't agree with you more. David Livingston testified earlier today about how he remembers how WPA and PBA were criticized because they were supposedly boondoggles. A lot of the criticism of CETA has taken basically the same kind of turn. The PBA was supposedly the program where people learned rather than worked a day for their salary or wages. The same people criticized the employment and training programs and are also usually the same people that don't want people to receive programs of any kind.

We are wondering what it really is they want these people to do?

Ms. HOWARD. I hope in your travels around the country your experience is that those of us that have been involved as professionals within the employment and training system, given the shifts in direction—and sometimes it seemed like almost you got good at something and that was no longer important—I think we have all been, those of us involved must have been too self-effacing about our own commitment and expertise. I think we sat back last year, the year before and said, "Let the money be cut. Let PSE go down without any of us who have been doing the job recouping our losses from the failure we were speaking of."

I appreciate the opportunity, as one of those people who over 8 years has developed that kind of expertise, to respond to what is happening. I hope you will see my colleagues across the country doing the same thing.

Mr. WEISS. Thank you for your testimony.

Mr. Hawkins.

Mr. HAWKINS. Ms. Howard, you understand you are also representing the New York Association of CETA Administrators.

Ms. **Howard**. That is correct, as president of the organization.

We have equal opportunity in New York. It is an association of CETA administrators, regardless of the size of the political jurisdiction. We also represent counties, cities, and towns.

Mr. **Hawkins**. That is included in balance of State prime sponsors?

Ms. **Howard**. Yes.

I would have to say this is a consensus which a group of 60 people worked out over the last few months of debate and conversation. I am sure there are some dissenters.

Mr. **Hawkins**. Not necessarily.

Ms. **Howard**. In New York State the balance of State programs are administered by the locality, by county primarily, very similar to the prime sponsor system. You pretty much have a universal local government service delivery in the State of New York.

One of the things, just to add to how we see these compromises being made, if you are really serious about providing services to those most in need and taking into consideration these are the private sector and what the labor market area in the neighborhood really is, it might be helpful to look at changing the definition of what a service deliverer is and maybe not having to have that prime sponsor anchor in a consortium arrangement.

There are many counties in the State of New York that are contiguous to each other, do share labor markets, and, do share educational facilities and all those kinds of things that make good programs. They have been prohibited from doing that because they have been running individual programs as the balance of State system in New York is set up. It is difficult for them to have cooperative arrangements because of the population needed in a consortium.

Mr. **Hawkins**. What is the State rule in those instances and what is the relationship to the Governor.

Ms. **Howard**. When CETA originally happened in the State of New York, the Governor at the time is the one who said, "We have a very strong county government system in New York." You should not distinguish on the basis of an arbitrary population difference. All the balance of State counties in New York are subcontractors of the New York State Department of Labor.

Mr. **Hawkins**. Thank you.

Mr. Nero, let me say I agree with some of what you have said about consolidation. Obviously, the documentation, it should be done away with. However, this committee has heard extensive testimony in various parts of the country why consolidation has taken place already. We have heard that in Vermont, Mr. Jeffords' district; from Bangor, Maine, California and in several of these counties we did see splintered examples of employment service, education.

In January, the local government bodies and PIC people have gotten together. I could go on with other examples.

Why is it that it can be done in some places successfully and it isn't being done otherwise?

Do you think this is the question, by mandating something at the Federal level we are going to get together and consolidate? Is that more desirable than trying to provide some sort of an incentive for them to do this without mandating it?

Mr. NERO. We have had incentives in the past. The consortium where you received an extra amount of money if you were a consortium against some areas that worked and some areas that didn't; I don't always necessarily feel you can mandate good will and good performance, but nonetheless, in some cases, it may well help.

I think in the areas that have been mandated to do so and give cooperation, the reason why it hasn't worked is the area of money. Who is going to get the money, control the dollars? Who is going to get the money and be able to service? We see community colleges and vocational educational schools in some of our areas fighting for the same type of clients. There are other individuals who go wanting for not being able to have the kind of services and skilled training they need. That type of thing has to stop.

Part of that is, who is going to get the dollars? If we can be able to do it on a local level, it is going to require the State and the Governor to be able to step in and take a leadership role in insuring that kind of thing happens.

Within the administration, I dare say within any kind of State administration, the turf battles that exist between higher education and department of education programs are tantamount to the fighting going on between different political divisions. We think we have to give the Governor an opportunity to do that; because of the way funding cycles are, because of the separateness of the legislation, it becomes difficult within the State administration to do that.

Mr. HAWKINS. The Governor, a single individual, a chief executive, whoever he or she may be, is going to be more reliable than a local governing body?

Mr. NERO. I don't think you have any guarantees that the Governor is more reliable or any less reliable than a local official. I think the capacity on a State level many times is better.

We don't just see this State agency just administering the programs. We made it very clear we felt the program should be administered and run locally. We felt there should also be input, advisory, that should feed into the Governor's council. It should not be an arbitrary type of thing. It is going to be a give-and-take process, one that reflects consolidation of services, consolidation of opinion, consolidation of delivery.

Mr. HAWKINS. You are talking about a vision, what is the ideal situation in assuming the Governor is going to create the ideal situation. The Governor has specific power, I assume, under the type of proposal you mentioned. You are assuming as a result of giving power to the Governor, the Governor is going to create this ideal situation, going to name the right people at the right level, and they are going to be consolidated, and I think, to get back to the question of who gets the money.

Mr. NERO. There is no guarantee that happens any less at the local level.

Mr. HAWKINS. I am not saying it does.

Do you improve it by suggesting a change that has not yet been tried? I guess the only proposal that will do away with that would be the administration's proposal which is going to end up with no money being given. That apparently is going to solve the problem because nobody is going to have any money to fight over.

When you begin talking about money, who gets the money, that is the problem of this subcommittee. The local education agency wants it, the local governing bodies want it, the Governor wants it, and everyone else wants it. That is the problem.

Mr. NERO. I adhere to the doctrine "no money solves our problems." I go back to the one when we were spending $11 billion a year on the employment and training system in this country, through PSE and everything else. I think the system just recognized that the play was never going to end. The money was going to come down and, if you had sprinkled it out by the process of elimination, you were going to hit the people that needed it.

You have a better sense of this, but I don't think we will get an $11 billion funding level in the future which we had in 1978 during the Carter administration. I would be more inclined to think the kind of funding levels you are talking about, the $5 billion the subcommittee is talking about, is probably not enough money to do it. If you are going to have less than you have had before, I think it does come time to start examining who is going to do what, how it is going to be done, as opposed to just throwing it out there. I think that by consolidation, looking at the role between the Governor and the local level, that will improve funding the money to those people who need it the most.

Mr. HAWKINS. The money hasn't always been spent wisely. Many changes need to be made. I think we have substantial testimony that when that $10 or $11 billion was being expended, we were in a much better position than we are now and are likely to be.

We have documented quite the contrary to some public perception that CETA did work and work rather successfully. In recent longitudinal studies made by the Department of Labor itself, we received $2 or 20 percent for each on-the-job training program and $1 for Job Corps, and which unfortunately is being eliminated. That is a lot better than what we have at the present time.

We are spending several times more than $10 billion or $11 billion. We are spending $20 billion on unemployment insurance.

I think the accusation that CETA didn't work is a political judgment. It isn't founded in fact.

Mr. NERO. Let me not leave a misconception that I am implying I have been against that.

Mr. HAWKINS. I didn't insinuate that.

Mr. NERO. The funding level I was talking about; your comments point that out, because there was the funding levels that were available and because of the kinds of programs able to be run, a lot of people got served in a lot of different ways. I don't think we have that funding level facing us in the future.

Your bill talks about the $5 billion level. I think in many ways that is going to be inadequate. The realities of what the funding levels were looking at from $5 billion down to the administration's proposals, I think that almost forced us to take a look to try and target and look at consolidation and delivery of the programs.

Mr. HAWKINS. I agree with your recommendation for consolidation. I was only suggesting until we solve the problem of elected officials getting together in their own right, we are not going to solve the problem.

It can be done under the current system. It isn't necessary to change the system in order for individuals to consolidate. We could change some of the provisions to encourage it and, second, I think we should. I agree with you on that. However, I just don't follow the rationale that by giving the authority to the Governor you are going to get the kind of things you say, and I agree with what you recommended. You are going to get them magically because you give the Governor the money to run the show; I don't think so. In a couple of years when no money is available, I don't know whether the Governor is going to be able to do the job or anyone else.

Mr. JEFFORDS. You have given us some fine constructive testimony.

I would like to get more specific discussion on some of the issues.

I would like to point out the four of us having major responsibilities right now, excluding the adminstration for no specific reason other than we don't meet together—that is Mr. Hawkins, Senator Kennedy, and Senator Quayle, have sat down on occasion. We are going to be having joint hearings. We are going to be able to sit down and work out the best possible bill to try and resolve some of these differences. We appreciate your efforts in helping us.

Mr. WEISS. Thank you for helping us.

The last listed panel is Mr. Herbert Dahm, Jr., Mr. Richard Hannis and the other people comprising the panel.

Your entire statement will be incorporated into the record.

STATEMENT OF J. HERBERT DAHM, JR., CHAIRMAN, THE PRIVATE INDUSTRY COUNCIL OF ROCKLAND COUNTY (NEW YORK), INC., ON BEHALF OF THE PRIVATE INDUSTRY COUNCILS OF NEW YORK, NEW JERSEY, PUERTO RICO, AND THE VIRGIN ISLANDS, ACCOMPANIED BY RICHARD V. HANNIS, CHAIRMAN, BALANCE OF STATE (NEW YORK) PRIVATE INDUSTRY COUNCIL; WALTER W. HISLOP, VICE PRESIDENT, COMMUNITY AFFAIRS, THE HOWARD SAVINGS BANK, NEWARK, N.J.; PHILIP T. POPE, CHAIRMAN, THE PRIVATE INDUSTRY COUNCIL OF PATERSON, N.J.; AND EFRAIN SANTIAGO, CHAIRMAN, THE PRIVATE INDUSTRY COUNCIL OF PUERTO RICO

Mr. DAHM. We were given guidance by staff. We hope we will be given a few minutes to have meaningful dialog when we are finished.

We represent today not just a small group, but a rather sizable group of private industry councils in New York, Puerto Rico, New Jersey, the Virgin Islands and the constituencies thereof. I might add this is indeed an active participation on the part of all of them in this discussion. It is not merely my personal opinions.

The group before you today represents, through Mr. Hannis, the balance of the State and rural counties. I feel I can represent the suburbs right out of New York State.

Mr. Hislop represents the inner cities, Mr. Pope represents New Jersey, and Mr. Santiago, Puerto Rico. I think, in short, we represent the total spectrum of needs experienced within the employment and training picture.

584A

I think we have achieved some degree of experience in the last 2 or 3 years. May I suggest however, respectfully, I am somewhat interested, if not bemused, by the comments offered by some of the prior testimony seeking to characterize the willingness and ability of private industry councils to take on the job. May I respectfully suggest we will speak for ourselves in that matter.

I would like to comment on a couple of basic questions contained in my testimony. I wouldn't bore you or the audience with that full statement. I would suggest to you, whatever comes out of these massive deliberations going on right now, to please follow one of the basic tenets of good management, and that is confer the authority that is commensurate with the money you see to the private sector. We are not unwilling to take the responsibility, but don't expect us to take it without commensurate authority.

Second, I would ask you to consider our Nation's unemployment problem just for a change as an economic rather than a social problem. The bottom line of all this is supposed to be private sector unsubsidized jobs for the people whom we are talking about. Those jobs come from the private sector, come from us, business and industry. I would hope we take a clue from that in our design of the program.

Third, we suggest that you design legislation that will permit us to bring the very techniques which we and American business have used so successfully and don't limit our ability to make intelligent capital planning, to plan a few years out in advance and to use the flexibility we have and the ability of our members to meet our local problems.

Fourth, evaluate our problems not on some grand national standard, but on how well we address the programs of our localities.

In addressing that plan, let me comment specifically on a few areas. It would appear there is a significant disinclination on the part of most of the drafters of the legislation before us right now to provide private industry councils with the ability to operate programs. Please don't get me wrong. I am not asking for the approval to do all of our programs individually, but what I am saying is this: We need—and I've got 56 chairmen jumping up and down on the tables about this item—we need the ability to operate specific programs ourselves if we find the locality around us does not provide the machinery to address those problem programs.

Very often we find our communities simply are not equipped to meet specific needs. If we are bringing the private sector initiative to bear, we should be able to address those needs and programs if necessary.

I might also add that operating authority, in my opinion, would be absolutely key to the involvement, interest, and active participation of the able people in our business community. I don't need another meeting, another boring long-term meeting, to simply approve a bunch of plans and maybe some subcontracts. You are not going to get my attention on that one, nor are you going to get more than the most token kind of response.

Second, I would like to comment on local delivery systems. I think we have established a number of cases where local PIC's are effectively and adequately, if not doing an outstanding job, certainly doing an adequate job of covering employment and training programs in their local areas. Some provisions should be made to permit these PIC's to continue in operation regardless of labor market or total size. To stamp them down and to create through the political process another group which will probably cost us another 2 or 3 years in the whole program would be wrong.

On the subject of local delivery systems, I would like to suggest we do not mandate inclusion of any group within a labor market area that is simply inappropriate to a specific situation.

Congressman Jeffords, I know from my visits to Vermont, your needs up there are vastly different from those of my colleagues down here in New York City. I think you will agree with that readily. That is my impression.

In the suburban area for New York State, here I realize tiny Rockland County, while they are indeed in the New York State labor market area, has a similarly different system. We have to address it differently and I urge we be given flexibility to do so.

Let's talk about that flexibility as item 3. I would like to ask legislation be broadened in its definition of youth to include youth up to age 25. I know the administration proposal or the first drafts of it I have seen already indicate this; for this reason, I think that is a homogeneous group. Whether they pass some marginal age limit or not, the fact is that that type of client probably has not completed high school, probably doesn't have a marketable job from school, and probably has yet to have his first meaningful full-time job. I think this group should be considered homogeneously in a program group and treated as such.

Second, I would like to suggest we broaden the eligibility to cover the specific employment groups in each locality that are impacted when the administration speaks to youth. I am afraid this would unfortunately turn our backs on specific groups, displaced workers, and those in need of retraining or upgrading.

Third, I mentioned before we consider the problem of employment and training in the United States an economic rather than a social problem. I mentioned also we consider the basic problem here, or the basic solution to be that of providing a private unsubsidized long-term job for the people involved. Therefore, this program must be designed by and for industry because we are trying to sell it to industry. I can't make that point strongly enough.

If we are trying to put together a program which will be of interest to industry, we better have a broadened industry as readily, too.

Finally, I would like to ask you to give specific consideration to a topic which is not specifically addressed in those of the proposed legislation and that is the employment generating service provision. I think any study of the economy right now would clearly indicate to all of us we are in a period of declining job markets. We have out there many hundreds of thousands, if not millions, of our residents who are trained, proven workers, who, for one reason or another, simply do not have a job.

Does it not make sense we are going to have increasing difficulty in taking untried, untrained, basically high risk people and offer them to employers in this labor market? If we accept that plausible premise, does it not also make sense we do what we can to expand the existing labor market so we can place more people in toto, including some of our disadvantaged groups? I strongly believe through the medium of employment generating service we can get literally thousands of small businesses in this country who now don't have access to the capital, consulting services and don't simply have the knowledge of what is available to them so they can expand. I think we can access this tremendous group of potential employers and assist them. Not through loans, I am not talking about direct loans or anything of that nature. I am saying hold their hands, point them in the right direction and assist them to the available activities.

I think a simple analogy here would be the average machine shop owner can read a blueprint very easily and is at home with a micrometer in his hand. He may have need for expansion, but when it comes to filling out W-2's and complying with the myriad of problems he has to meet and getting financing, which is a foreign feeling for him, that is where we can help him.

I have lots more I can say and I am sure my panel members, Philip Pope, Efrain Santiago, Richard Hannis, and Walter Hislop can add to this.

[The prepared statement submitted by Herbert Dahm follows:]

Prepared Statement of J. Herbert Dahm, Jr., Chairman, the Private Industry Council of Rockland County (New York), Inc., on Behalf of the Private Industry Councils of New York, New Jersey, Puerto Rico, and the Virgin Islands, Accompanied by Richard V. Hannis, Chairman, Balance of State (New York) Private Industry Council; Walter W. Hislop, Vice President, Community Affairs, the Howard Savings Bank, Newark, N.J.; Philip T. Pope, Chairman, the Private Industry Council of Paterson, N.J.; and Efrain Santiago, Chairman, the Private Industry Council of Puerto Rico

Distinguished members of the Committee:

My name is J. Herbert Dahm, Jr., I reside at 23 Rockford Drive, West Nyack, Rockland County, New York. I am a volunteer private businessman serving as Chairman of the Private Industry Council, Inc. of Rockland County, New York, with offices at 1 Blue Hill Plaza, Pearl River, New York 10965. I have the privilege today of representing my many Private Industry Council colleagues in the states of New York and New Jersey as well as Puerto Rico and the Virgin Islands. Together we represent a total service area population of almost 30 million residents covered by 56 Private Industry Councils, commonly called "PICs". Our panel before you today represents rural counties, the emerging suburbs and the inner cities.

Our mission today is to ask your consideration of our views on the emerging legislation which will shape the nation's efforts as it struggles to address the problems and opportunities in the areas of employment and training. Approximately three years ago, a change in the Comprehensive Employment and Training Act (CETA) ceated Title VII of the act which sought to bring the expertise of American business and industry to bear on the persistent problem of the nation's unemployed and underemployed workers. The title of that program is significant - The Private Sector Initiative Program. By title and intent, it asked for a new approach to old problems by the very people who held the key to employment growth - the country's businesses. If private free enterprise could build this country to a point of industrial supremacy, could it not also solve the unemployment problem? If business held the key to new jobs, shouldn't business design the programs to prepare workers for those jobs? In response to that challenge the PICs, mandated to have a majority of business members, were formed.

Most PICs have now acquired some two years of operating experience in the field. We have learned the lessons of how to involve the real movers of industry in the process of designing employment and training programs, implementing them, and most important, marketing them to our fellow businessmen. As a result of this experience, we feel that we can now make meaningful comments on the various proposals coming before the Congress. I must emphasize to you that we perceive several very dangerous, if not fatal, flaws in some of the ideas now being expressed. If it is really the intent of Congress to truly and effectively involve the private sector in the solution of employment and training programs, those programs must be designed in a format which will attract the interest of able private volunteers, and allow operation of the resulting programs in accordance with proven private business methods.

Our premises are really quite simple:

First: Confer authority which is commensurate with the responsibility placed. In the present case, do not expect private business to accept the very significant responsibilities for correcting the employment problems of the youth and the adults of this nation if you simultaneously limit our ability to create and to manage effectively.

Second: Consider the nation's unemployment problems to be an economic, rather than a social responsibility. Surely, we are all less than satisfied with the results of the current CETA program. This program approached the problem from the social aspect, and as a result has shown largely short term benefits and unacceptably high costs. We feel strongly that a program which ultimately results in permanent, unsubsidized jobs in the private sector will not only solve the unemployment problem, but will give our enonomy a much needed improvement in its level of productivity.

Third: Design legislation which will permit application of proven business management techniques such as Management by Objectives, Forward Capital Planning, and the concept of Return on Investment.

Fourth: Allow sufficient flexibility in the design, operation and evaluation of programs to meet the unique set of problems found in each community. Do not write a rigid set of requirements which might suit only a few areas, and find that you have thereby guaranteed failure in many others.

May I now invite your attention to the following specific recommendations.

Allocation and Funding

To preclude inequitable distribution of funds, we urge that allocations be based upon a national formula which distributes funds directly to authorized localities on a needs-based formula. This distribution should not require further legislation or allocation review at the state level. To permit intelligent capital planning and program development, forward funding for at least three years is essential, with final allocation figures available six months prior to the start of the program year. A severe flaw in the administration of the present system has been the uncertainty of funding and the delay in authorization. Any business operates on a minimum of a three year forward planning cycle and our federal employment program should be no exception. Special concern must be shown for the Caribbean Area to insure that funding levels are established on the same basis as the mainland.

Performance Standards

Any local area Private Industry Council should have the flexibility to study its own unique set of problems and to design a plan to address those problems. It should then submit that plan for approval, and from that point on be held accountable and evaluated on its success in meeting its own goals, not on some inflexible national standard . Often businesses make investments in time and money, knowing that the return on that investment will not occur immediately. So too must we be able to invest in programs that will show dividends in future, rather than current evaluation periods. We believe that an eighteen month moving evaluation period is the minimum appropriate time frame in which to view longer term program investments.

Allowable Activities

All activities currently allowable under the current CETA Title VII legislation should be continued. This has proven to be a workable set of standards which, together with the provisions of Title II B-C, have enabled PIC's to design numerous effective approaches to our employment problems.

It is with alarm and dismay that we view the provisions of both the Senate and House proposals for new employment and training legislation. Apparently, it is the intent of the authors to limit, indeed deny, PICs the authority to actually operate some of their programs. This is a fatal oversight. We unanimously agree that operating authority is absolutely essential to any meaningful plan for private sector involvement in the program. Indeed, the ability to operate programs which are designed to meet difficult local problems is the very essence of private sector initiative.

In my visits to many PICs in the Northeast, I have been impressed with the unique solutions which they have designed. Many of the most successful of these are now operated by the local PIC itself. In many cases, there is simply no existing agency with the will or the ability to carry out the job needed to overcome a specific problem. In these cases, it is vital that the PIC be able, at its option, to step in and do the job.

If it is the intent of Congress to involve increasing numbers of volunteer businessmen, educators, labor leaders and the like in this effort then, clearly, the authority granted must be commensurate with the very serious responsibility conferred. I can assure you that I do not need another boring and time-consuming volunteer meeting while work piles up on my desk in my office. Reducing PICs to planning and subcontracting functions will destroy the challenge which will draw the needed talent. On the other hand, give me both the challenge and the tools with which to help my community, and I'll be there with plenty of the right help.

Of equal concern, is the knowledge, born of experience, that economic development is an integral and inseparable part of the employment equation. We are now in a period of rising unemployment, yet we are still trying to enhance the skills of those who have heretofore been unable to find employment. Just as numerous experienced and trained workers who have been laid off line up at an employer's door, we will be offering untried, relatively high risk candidates. Does it not seem reasonable, that if we can use some of our talent and funds to increase the total number of jobs available, we will be able to simultaneously rehire our layoffs and give employment to the chronically unemployed through our efforts.

This is not an idle hope. I have personally found that many small businesses have the desire and the potential to expand if we give them the assistance to find ways to get financing, equipment, sites and, of course, trained workers. Often it takes only a visit or two and some help to prepare a simple financial statement to facilitate an expansion which produces several new jobs. On a larger scale, PIC's can play an important role in facilitating larger plant locations by making known the availability of surplus labor pools and likely sites. This function, known now as "employment generating services" is certainly worthy of preservation.

Another activity which in our recent experience has proven to be most useful, if not essential, is the payment of stipends to trainees. Clearly, this is a controversial and currently unpopular subject with the authors of the legislation before you. Yet we ask your consideration of this item as an optional device to hold trainees in particularly long term programs. Experience has shown that the amount of interest and the completion rate is strongly influenced by the availability of a modest paycheck. It is desired as a carefully controlled option in certain cases.

Local Delivery System

The local agency which provides the actual plan implementation is the key to an effective system. Too large a unit and we will have an unwieldy, unresponsive system which stands in danger of becoming yet another bureaucracy; too small an area and an ineffective body is formed which has neither the talent nor the funds to do the job. Between the two extremes lies the obvious desirable middle ground. We believe that the current prime sponsor designations should be retained where it has been demonstrated that effective PICs have been operating, and further that these PICs be permitted to carry on their work under the new legislation. For these areas, a workable minimum population count of 100,000 should be retained. Where new delivery areas must be formed, a labor market related region with 250,000 population should is appropriate. In no case, however, should an area with demonstrably different employment characteristics be forced into a labor market area grouping. These areas, upon petition to the governor of the state, must be afforded the right to set up their own delivery systems.

Basic to the concept of local delivery systems, is the formation of Private Industry Councils to provide the leadership and initiative for the definition and implementation of solutions to local problems. We believe emphatically that local solutions will be the most effective answers to local problems, and that strong PICs are the best delivery mediums. To be effective, they must have at least a majority of business membership, with the Chairman being chosen from among this majority. Other positions must be filled with at least one representative from labor, education, government and community based organizations Nominations will come from the PIC, subject to confirmation of the chief local elected official.

The PIC should be the sole planning council for all employment and training activities in the local area. It should include coordination of the labor exchange function of the employment service. The PIC should have the duty to administer the local plan and hire appropriate staff. Incorporation of the PIC should be at the option of the membership. If the PIC chooses not to administer the local plan, the governor, with concurrence of the State PIC, should designate an appropriate administering agency.

State Control Structure

We believe that to coordinate the activities of the local PIC's, direct certain statewide programs, and to advise the governor on matters pertaining to employment and training in the state, a State PIC should be formed. This PIC, like the local units should have a majority of business representatives chosen on a rotating basis from nominations of the local PIC's. The balance of the State PIC should be appointed by the governor from labor, education, employment service, and government. The Chairman, elected by the membership should be from the business majority. The State PIC should concur with the governor in any decision regarding the designation or redesignation of local PICs, in any plan for statewide programs using employment and training funds, and be empowered to reallocate unused funds among the local plan administrators in the state. It should play a role as arbiter of disputes as to local delivery areas and annual plan approvals. Continuing disputes would be referred to the governor. A maximum of 7% of the total allocation should be retained for State use, with 2% for state admininstration and the balance for use with specially impacted groups.

Youth Programs

We are acutely aware that our nation has a most serious problem in that over 40% of our minority youth are unemployed. The intent of both the Senate and House measures is to direct 50% of available program funding for employmnent and training to the solution of this problem. We agree that an effort of this magnitude is called for. It would be well to recognize, however, that not all prospective labor market areas are equally impacted. Surely, a rural delivery area would be expected to have a different pattern of youth unemployment from that of an inner city. Again, the concept of local flexibility must be brought to bear to provide truly responsive programming.

Additionally, recommended age limitations appear unduly restrictive. In our experience, we have found that we are often dealing with a group of eligibles with a common employment problem, even though their ages might range up to 25. These are the high school dropouts who lack the basic employment skills and have never held a significant job. The remediation of this type of candidate is similar, regardless of age. Basic life skills must be taught along with the job skills. To artificially split this group at age 19, say, would result in an unrealistic fractioning of the training program. We recommend therefore, that the age definition be broadened to age 25 to permit the establishment of a uniform plan to meet the needs of this essentially homogeneous group. In addition, separate performance standards must be established for the youth programs to reflect the significantly different placement patterns which youth experience.

Eligibility Standards

We concur with the establishment of the basic eligibility standard at the 70% of lower living standard level. However, our actual experience indicates very clearly that to restrict our attentions to this group exclusively, would be to seriously jeopardize our total effort. In line with our recommendation that the employment problem be treated as an economic, rather than social, issue we ask you to consider the fact that the ultimate success of our efforts comes when we get a private employer to agree to hire the products of our training efforts. Here again the realities of the marketplace will always prevail.

To an employer, the recruiting of a competent workforce is not limited to the chronically unemployed. His is a problem which covers all skill levels. When we approach him, to achieve real credibility, we must be able to address his entire training problem. All too often, when I have spoken with employers about the possibility of entering into a training program, I have sensed the disappointment when I indicate that we can only serve his entry level needs. Through the use of various other programs, we have been able to develop an employment training package which allows a limited number of otherwise ineligible workers to be upgraded in their existing skills, with the guarantee that the replacement for the promoted worker will come from eligible participants. This is a most valuable sales tool and we recommend that up to 20% of available funds be made available for this purpose.

It is further recommended that up to 10% of available funds be applied to otherwise ineligible persons with significant barriers to employment.

To any community which has undergone the social and economic trauma of a major plant closing, the remediation of the problem is obvious - the workers must be retrained so that they can find employment in another industry, hopefully near their homes. The current retrenchment of the nation's auto industry has provided ample evidence of the problem. To ignore this eventuality would be unrealistic. Accordingly, we recommend that the retraining of workers from closed plants be permitted, regardless of eligibility under income tests, within the 20% of funding previously identified for upgrading

Employment Service Coordination

Just as a product coming out of a factory is useless unless it is brought to the market, so too will our efforts be in vain if we fail to consider the means by which we match available jobs with available workers. Many PICs have established smooth working relationships with their local Job Service offices. Coordination of this nature must be continued and enhanced. Among the proposals advanced in the proposed legislsation is the integration of the Job Service into the employmentand training program. We believe that integration of this existing workforce with its attendant problems of administration would be potentially damaging to the total effort. Accordingly, we suggest that the Job Service function continue to be separately funded and administered, with individual State Job Service coordination achieved through the approval of the annual Job Service plan by the State PIC. Local PICs would be required to integrate the labor exchange function into their individual area plans.

Conclusion

We have attempted to share with you today, the results of two or more years of experience in the field, doing many of the tasks which you are now about to provide for. These have been exciting years, and while not without frustration, and even a few failures, they have provided us with a sense of accomplishment and the knowledge that, given the opportunity, the private sector can indeed successfully address the problem of unemployment in our country.

We detect however, signs in the proposed laws of serious errors. We sincerely caution you against writing an inflexible law which would simultaneously restrict the very initiative of the private sector which you want to bring to bear, while guaranteeing that local problems could not be properly acommodated. If, indeed, you want private sector involvement, give the private sector the flexibility and the authority it needs to do the job. America has always prided itself on the efforts of its volunteers, and this effort can make us all proud.

Thank you for your attention.

Mr. **Weiss**. Do any of you have additional statements to make?

Mr. **Hannis**. I think what we might suggest, we are not here operating on a theoretical concept. We are operators, people who have been involved in the manpower delivery system. We have years of experience in the private sector, 10 years of experience in relating our years of experience in that sector with manpower problems.

We organized over 12 labor market areas serving 2 million people in 32 counties. We have a staff of 22 to 24 people and we are an operating entity. We are not here talking about what we would like to see happen because it might make sense. We are saying it does make sense.

Mr. **Weiss**. Yes.

Mr. **Hislop**. I am Walter W. Hislop. I would like to make a few comments.

I would like to say that business is very willing to participate in this program, but the program itself has to be attractive to business and the program has to be efficient and run in a business-like manner. Part of the difficulty is the program has not operated efficiently.

What we should really be thinking of with this program is to form some sort of a partnership, an equal partnership between business and government, where business will have a say in the program and not merely be on an advisory basis. We have found in New Jersey that in many cases where you had an established CETA organization or agency and the private sector program did not work with that organization or the agency did not want that private sector to work with them, they were totally ignored because it was largely on an advisory basis. The result was where the private sector or the PIC was ignored, that PIC was ultimately dissolved because they could accomplish nothing.

If you think of this in a partnership situation, where there is a definite say-so on the part of the private sector, then you will find that better results will be attained.

I would also like to mention the importance of having some sort of linkage between the program and business. If you need some kind of business contact and it can't be done merely by the local government or the State government, you have to have some sort of a development of a business-type organization that will bring about that.

My bank has been most generous with my time to go out and work for our PIC. It has been very educational for me to go out and talk to corporate presidents and get them involved, explaining what is going on. That linkage must be established or the program can't be successful. Business can't tell the agencies what their problems are, why they are not hiring people they should be hiring. I would encourage that type of linkage to be encouraged also.

We have found another problem; the education of the participants is such, even when we want to place them in the training program, they don't have basic skills, basic arithmetic and writing and so forth, to be trained. We have found that counseling and basic skills are important. There should be some sort of place for life skills programs, how to act when you are at work, how to dress for work, how to apply for jobs and so on.

One of the programs we have is the vocational exploration program that runs for 11 weeks. Two weeks of that in the beginning involves life skills. The individuals are trained. They range from 18 to 24. After 2 weeks of life skills training, we send them out for 8 weeks of exploration training. We let the company interview the individuals and find out what they are interested in. Having placed those individuals with two companies for 4 weeks each, we have found frequently they don't even complete the 11-week program, but they are hired by the companies. The companies are very pleased to take those people on even though they are only there for vocational education purposes.

It is a successful program. The program ends with a 1-week critique. I think that type of individual vocational exploration tied in with the skills could be very important.

One other area I would like to touch on this afternoon would be to say to you it would be very important to have the councils, State or local, be empowered to hire their own staff. We have found when the staff is hired by the local district, there is a conflict as to who they are working for. For example, in the county, if those people feel they are employed by the county, their loyalty is to the county and not to the PIC. There are some problems in that type of functioning.

Thank you.

Mr. WEISS. Thank you very much. Mr. Jeffords.

Mr. JEFFORDS. I want to say, before I start, I was one of the three or four primary architects of the 1978 amendments which created the PIC's. I am going to try to be my own devil's advocate in this case to see where we will go with the progress that has been made.

I would like to discuss what the PIC's feel is their responsibility with respect to the trainees. This role concerns me. You are a businessman primarily interested in productivity. He is going to want to do what he can to assist a group of well-trained individuals to be available for businesses. This tends to lead to what we call "creaming," to try to get people into the program that you feel are most likely to succeed and most likely would succeed without the program. This would put an emphasis on productivity and very little emphasis on getting people off welfare.

Do you see that as a problem and how do we deal with it?

Mr. POPE. I am Philip Pope from Paterson.

That is certainly true as a possibility. In my inner city PIC, we have looked at that and we have come up with a feeling that of the client population, whatever percentage you generally wind up with, there are people who don't want to work and there are people that are mired in a disadvantaged situation who do want to work. Creaming is one problem of deciding who wants to work and giving them training so they could participate in the free enterprise system. The other people, their neighbors, the relatives, the people they left behind in the barrel will see there is a way out of the barrel over the years and the decades; the people at the bottom of the barrel will realize there is a way out.

Creaming has to exist in order for us to change the whole motivational experience of the people that are in this disadvantaged pool. There has to be a way of selecting people who are most likely to succeed in a job. If that is creaming, then that is what we are doing.

Mr. **Jeffords**. Say you had a highly motivated person who may have suddenly seen the light who does not have basic skills, and you have alongside that person a highly motivated person who has basic skills and there is only enough money to train one. Would you train the one that had the basic skills and let the other one go?

Mr. **Pope**. I would train the motivated person first.

Mr. **Jeffords**. You would have a program that would train the one who is highly motivated with basic skills?

Mr. **Pope**. You mean arithmetic and writing. I am not sure how I would select that person to answer your specific question, but we certainly have to make room for both of them.

Mr. **Jeffords**. If you have a limited amount of money, would you be willing to take some of that money and give an opportunity to those people who don't have the basic skills if they have the motivation to put them on par with the other individual?

Mr. **Pope**. The remedial aspect is very important.

Mr. **Dahm**. I don't accept your premise. We don't have money for one. The person who already possesses the basic skills will cost far less in terms of dollars and effort to put into productive employment.

I think we have to treat both areas. If we can spend $10 and get 10 people on before we spend $100 to get one person on, that is indeed a more effective use of our funds and the economic benefit to the country would be greater.

Mr. **Jeffords**. These are the kinds of problems we have to cope with. I would expect that there is a population out there with a need of help that far exceeds the funds.

It becomes a question of equity, social cost. If you don't take care of the person who needs the basic skills, the chances are he is always going to be very marginal or on welfare. The chances the person with the basic skills will somehow, some way, find employment with motivation are better.

Mr. **Dahm**. We are asking for 10 to 20 percent and to reserve the vast majority of the program funds for the people you are speaking of.

Mr. **Hannis**. The overall concept, the fact that the private sector is involved, we do have good people involved in our council. We have operations; they can make decisions. We have 150 business people across the southern tier of New York and the northern tier in these counties. They come to monthly and bimonthly meetings to work on these problems.

Further, in addition to what comes about through their involvement in these programs, in answer to your question, they see some of these needs they haven't seen before. I am not saying they are all altruistic once they see a person who is motivated and doesn't have a chance. You have 150 people operating on a problem you didn't have before. They also see the needs of these individuals.

That is why, going back to your comments, if we have a private industry council, we must have the ability to make decisions. That is how we get the top grade of people and keep the interest up.

Mr. **Hislop**. I would like to say your perception of the idea of creaming is good. That is what I have been concerned about as well as some other members of our council. There is no question you tend to do this. It is not a question that you are trying to get placements or a better record; it is part of the group you are working with. When you are talking about the hard to employ, their personal problems are all involved as to why they are involved in the first place. Some of those may be difficult as to where you really place them.

You take a person who has less skills; you would say there is not much he can do, but we can place him in a bakery and he can learn to decorate cakes. It is not much pay; he may spend half of his time cleaning the dough mixer. The question is how much of this time will he spend there. He realizes he is limited in potential and has difficulty getting a job. He makes an excellent employee if you can find the right spot and if he is treated fairly well.

It is a problem within the system. I am not sure there is an answer to it.

Mr. JEFFORDS. Mr. Hislop mentioned, and it is a problem, as to how much discretion we give when we devise a program. We specify certain groups ought to be included in a plan, or whether we just give a portion of money out to whoever it is, State or local government, and say, "You go plan a program," and I wonder if you have any comments on that. It was mentioned that there ought to be—I can't remember the term—to try to train people how to ease into employment.

Does anybody have any comment on how much latitude we must have or whether we should say: "We realize these kinds of programs are necessary, you must have them."

Mr. HANNIS. I think you can rest assured if you let those people look at that environment, let them make the plans based on the needs they perceive and budget that money accordingly, you will have a performance based program.

Mr. DAHM. I would say if you give us broad, general rules within which to work and then permitted the individual private industry council to look at and address the individual needs of the community, then submit a plan based on their perception for approval, if that meets approval, then let go and implement the plan. We are not saying give us a blank check or carte blanche; permit us to design what we think is an effective program for approval.

Mr. JEFFORDS. Do you have any objection to a bill which says you should try to target flexibility on spending in certain areas like basic skills, job search, transition in employment, and job skills?

Mr. DAHM. I would welcome that kind of direction providing it wasn't an absolute limit.

Mr. HANNIS. Flexibility is the key.

Mr. JEFFORDS. There are some differences in the bill relative to labor market areas and how you will allow their formation. In other words, do you continue the same prime sponsor system we had or do you give the authority at least to the Governor to require planning to be done in the labor market area concept? I would pinpoint it specifically to this situation. Isn't it an advantage to a businessman in a labor market area to have one overall program to coordinate efforts of business to facilitate taking care of the needs in the area rather than having to deal with, say, four or five prime sponsors?

Mr. **Dahm**. Only if it is a truly homogeneous group.

Mr. **Jeffords**. We are talking about the labor market area.

Mr. **Dahm**. Mr. Jeffords, I think you have hit on a significant bit of semantics. It makes initial sense to say let's work on a labor market area. I live in a labor market area. I have talked little Rockland County's problems over with Aaron Sadoy, chairman of the private industry council in New York State. He freely agrees with me that our needs are vastly different.

While it might be intitially logical to include us in the New York State labor market area, it would be disastrous from a program standpoint. What we are saying is, let us have the flexibility with our local government to say that we prefer to and think we can hack it as an individual group; we have demonstrably different problems.

Mr. **Pope**. Mr. Jeffords, I will turn Herb's story around. Paterson is a city of 140,000, surrounded by fairly affluent suburbs. The suburbs in Paterson include the labor market area. Paterson has the low-skilled low-paid jobs and the suburbs around it have the skilled jobs. We are trying to move people out of Paterson into the suburban better jobs, but we have to start by creating all the jobs there are in Paterson and to legislate our little PIC into being part of a great big market area.

Mr. **Jeffords**. Thank you, Mr. Chairman. I have to leave, but I certainly enjoyed talking with you.

Mr. **Weiss**. Mr. Jeffords, thank you very much.

Just so that I understand what your role is, Mr. Dahm, you are the chairman of the Rockland County PIC, is that it?

Mr. **Dahm**. Yes.

Mr. **Weiss**. I have a listing on the agenda, you gentlemen are appearing on behalf of the Private Industry Council of New York, New Jersey, Puerto Rico, and the Virgin Islands. You don't hold a position above and beyond the Rockland County position?

Mr. **Dahm**. I have been nominated as spokesman. Each of the groups from New Jersey, Puerto Rico, New York, and the Virgin Islands met, discussed our statement today and concurred in that statement.

Mr. **Weiss**. You are, in fact, a representative for the purposes of this hearing?

Mr. **Hannis**. We have an association of New York State PIC's. We organized, Congressman, in December to focus in on these problems.

Mr. **Weiss**. I tried to get from Mr. Small, and I think successfully, some idea as to what his New York City PIC was all about, and I would really like to do the same with you, if I can, just so that I have a parameter of what it is that you have been involved in and where you are coming from.

Mr. Dahm, if I can start with you, you have been involved for 2 years as chairman of the Rockland County PIC or in some capacity with the Rockland County PIC?

Mr. **Dahm**. Three years.

Mr. **Weiss**. Give me a little bit—and I will ask each of you to do this—a little bit of profile of the community you deal with as it relates to this particular problem.

Mr. **Dahm**. Rockland County's prime sponsor, by itself, 267,000 population; location 25 miles west of New York City; bedroom suburb growing rapidly over the past few years; minority population problems; dependence on jobs out of the county, meaning primarily commuting to New York City and Westchester; a tremendous need for additional industrial intrastructure to help pay taxes and provide jobs.

There is a terrifying situation where we need affordable housing for available jobs for our own kids. What we are saying is that our jobs, the PIC in Rockland County has to provide more jobs in the county so the people around the community go out to get those jobs so we have jobs for our own kids and somebody can pay taxes other than homeowners.

Mr. **Weiss**. Do you have information on unemployment levels?

Mr. **Dahm**. We are currently 7.2 percent.

Mr. **Weiss**. In your peak year, how much money was received by the county?

Mr. **Dahm**. For title VII grant, just over $300,000.

Mr. **Weiss**. Again, during that peak period, as close as you can recollect, what were the number of companies that worked with a number of clientele, people being trained, who received jobs and so on?

Mr. **Dahm**. Over the 3 years, it has been up as high as 200 involved in various training, 200 individuals, and I would say in active participation. Bear in mind Rockland is the smallest county geographically in New York State. We had approximately 125 different companies involved in either membership on the PIC or on participation in on-the-job training or skill training programs.

Mr. **Weiss**. Again, what is the size of the labor force?

Mr. **Dahm**. 78,000.

Mr. **Weiss**. Is there anything else I ought to know about the profile that I haven't asked?

Mr. **Dahm**. I think that is it.

Mr. **Weiss**. Mr. Hannis.

Mr. **Hannis**. The balance of State, 31 counties; general population 1.8 million people; population range of the counties varies from Steuben County which just exceeds 100,000, down to about 20,000, which is Skylar, 18,000 to 20,000.

A number of businesses are involved. We were incorporated on April 3, 1980, and we are going to be celebrating our second anniversary, but we were in existence 6 months prior to that. My company put me on loan 3 months to do this and we have many other people on loan doing things for the private sector.

The number of companies involved on the board since inception probably rotated twice, 300 companies; the number of people involved in projects, approximately 100,000. That is the training programs, et cetera. This is exclusive of our vocational experience programs which we run in upstate New York. We had 120 kids involved in that process and others going on now.

Unemployment ranges presently from about 8 percent to about 14½ percent, Clinton, Franklin, and Essex and the northeast quadrant.

The type of projects runs from vocational experience programs, chemical technology, packaging programs, transformer retrofitting and, because of our pinfitting, we were able to attract brandnew industry in Portland County, a program with nine needle trade operators in the northwestern part of our State in the Buffalo-Niagara Falls area, supervising, furniture manufacturing.

Mr. **Weiss**. What is the placement rate?

Mr. **Hannis**. Right now of those programs, I would say we are running better than 80 percent.

Mr. **Weiss**. How about you, Mr. Dahm?

Mr. **Dahm**. I was thinking the same number.

Mr. **Hannis**. The State University of New York Community College is involved. Right now, Congressman Weiss, the private industry councils in our 12 council areas are now the clearinghouse for all projects involving pretty much the manpower, economic development, training in that part of the State. The IDA's, community colleges, BOCES, CETA directors are all members of our local councils.

Mr. **Weiss**. Mr. Pope?

Mr. **Pope**. Paterson's operation is much smaller, a city of 140,000, 14 percent unemployment rate. The city of Paterson is one-third Hispanic, one-third black, one-third white. Our budget is $200,000. We operate training programs for machine tool shop operators, hospital workers, and have one on the drawing board now for word processing.

The business involvement on PIC has been a dozen businessmen since its inception 2½ years ago. I am the second chairman for PIC. We have a staff of two and operate one of our own programs and contract out a second one.

Mr. **Weiss**. How many people have you?

Mr. **Pope**. The machine tool operators program has 25 slots, 25 times 4 a year, 100 people. The health is a 2-month program with 20 people and those 2 are funded so that there are 220 people on a program-year basis. The placement rate for our first two cycles on machinist was about 90 percent. Our third cycle just completed is way off because of the recess in Paterson. We were 50 percent after the program was ended.

Mr. **Weiss**. You say there are 12 businessmen who are on the council. Is that the limit of the number of companies that are involved or those are people who serve on the council?

Mr. **Pope**. People and companies are the same thing. We only have one person per company.

The employing companies? The employing companies are 20 machine shops, most small, employed machinists and 5 regional hospitals, 2 of them in Paterson, employed as hospital trainees.

Mr. **Weiss**. Just as an aside, in hearings both in Vermont and in California last year, we had representatives of the tool and die manufacturers, and their big complaint is that there is a tremendous rate of openings. They have something like 80,000 job openings right now. By 1985, they said they would have a quarter of a million and they can't find people. They say they can't train them themselves, for whatever reasons.

Mr. **Pope**. There is a big difference, Congressman, between the programs that Herb has or the programs that I have, between machine tool operators and tool and die makers. We are getting them started.

We are taking these people out of the CETA client pool. We are happy about that.

Mr. **Dahm**. The impact on the country on the one hand taking people off the unemployment roles and on the other hand meeting a strong productivity requirement is more than double. I think the implications of this—and this is why I say, among other things, we have to do some upgrading within our program allocations so we can take and make slots for additonal people at the bottom. These are among the flexibilities I was alluding to.

Mr. **Weiss**. Some of you indicated you were operating your own programs. Is there a bar or prohibition in operating programs yourselves?

Mr. **Dahm**. There isn't now. Several of the proposed bills where you specifically speak to the requirement we subcontract everything out. Mr. Quayle's bill requirement requires 80 percent subcontracting. This is after the State cost is set aside, et cetera. We are saying let us recognize the need, reflect it in our plan.

Mr. **Weiss**. Mr. Santiago?

Mr. **Santiago**. I have been involved in the private sector and I have also been involved with the government sector as first secretary of social services in Puerto Rico and then as a senator. We run a program which we have close to $4 billion on title VII, serving about 3.5 million people.

We have been operating here in the last 3 years. We were incorporated. We have put close to 1,200 people to work, This includes banking, agriculture, industrial, and very sophisticated communications systems, and so on. We operate five PIC's together in a multi-PIC and then there are two cities that operate their own PIC.

That is about all I have in answer to your question.

Mr. **Weiss**. What is the number of companies that participate?

Mr. **Santiago**. On the PIC we have about 27 people serving, but we have close to about 500 companies that get involved with us one way or another.

Mr. **Weiss**. What is the rate of placement?

Mr. **Santiago**. About 86 percent. That was last year.

Mr. **Weiss**. What is your level of unemployment?

Mr. **Santiago**. Our level of unemployment last month was 22.8.

Mr. **Weiss**. Mr. Hislop?

Mr. **Hislop**. I am not represented as a PIC chairman, but I was an original PIC chairman in Essex County. The reason I am no longer PIC chairman, I thought if a PIC chairman served 2 years, they should rotate. By rotating, we get more involvement and it is a good thing to do.

My role here has been that I have been acting as chairman of task force under authorization, and working with everyone throughout the State of New Jersey to put together our position with the New York and Puerto Rican area.

Our budget in Essex County runs something over $800,000. This is all Essex County, including Newark. It does include East Orange, which is as high as 90 percent minority in that particular city.

Our problems are very similar to the New York problems. We have been unique in the county in that we haven't had problems other PIC's had. We chose to work hand in hand with the agency. We worked very closely with the CETA agency. In fact, our offices are in the same building. It is beneficial to us and has prevented many problems that have occurred elsewhere. The CETA staff has relied on our PIC staff for guidance and the department sections have come under the PIC executive director, which has been very helpful in solving some of the problems.

I don't have specific figures. I know our placements run high. The appearance has been over 80 percent. On the unemployment, we are somewhere around the national level.

Mr. Hannis. On the budget issue, for fiscal 1981 it was 3.25 million, and this year it is about 2.4.

Mr. Weiss. Let me ask a couple of questions by making a statement and see if I have it right.

You are not saying there ought to be nothing but PIC's. As I read you, although you think you ought to have more flexibility and more authority and so on, you are not suggesting that PIC's take the place of a city or county in providing training programs or the community-based organizations in providing the programs which they currently provide.

Mr. Dahm. I concur wholeheartedly with the partnership concept. We are not about to suggest we take on the day-to-day administration of the program, nor are we presuming we know it and can carry on for everyone.

If you want to bring in the abilities and energies of some pretty good people in the private sector, it has to be a meaningful role. We feel that it is our job to look for the best sources of, be it raw material or program ideas, wherever it exists in our community and bring that to bear on the problem. Our basic role is one of a catalyst, facilitator, one who can take a look from a different perspective. We are not looking for the whole job.

Mr. Weiss. I wanted that to be on the record.

You have one other statement which I think probably bears some amplification or clarification. You say on page 2, among your premises, No. 2, "Consider the Nation's unemployment problems to be an economic, rather than a social responsibility."

Are you saying that for the Nation or for the PIC's?

Mr. Dahm. I think we are saying it to the lawmakers who have come off a CETA experience which obviously we are not thoroughly pleased with.

It would appear from the large emphasis in the old CETA legislation, there was significant emphasis on the social aspects, especially the public service employment, which was, I think it helped but it was short term. It wasn't a permanent solution.

If we are serious about this business about getting someone a long-term unsubsidized job in industry, we better design our plan with this end in mind. If we produce a product in our businesses and market it, either the wrong market or market it improperly, we are not going to sell that. If the product we are after is an individual who hopefully will find employment in a long-term position, then let's follow that premise.

Mr. Weiss. Let's say an economic plan or program could be devised which was able to do that. The problem comes when you have the most business-oriented administration coming in and then after 1 year or 15 months recognizing the problem is a lot more complicated than anybody had a right to believe when they were campaigning for the position.

Given that the ramifications of unemployment much more than economic—they are economic, sure, but they are also social. In fact, somebody better look also at the social ramifications of having a lot of people out there who don't have jobs.

Mr. DAHM. Solution versus perception. We think the solution is an economic one. Certainly the impacts are social.

Mr. HANNIS. Along with that, do we think we should run all the programs? No. Those programs or the private sectors involved, we think the private sector initiative program is well thought out and viable. We think those programs where you have the private sector involved in implementation of those programs, we should be in control; we should be a majority on those councils and should share those councils.

Along with that, we are looking at the workplace habits, motivations, et cetera. Most of us in this area are behavioral scientists. It is not a dichotomy; we are on both sides of the street. We have business people who can attack the people from both sides.

Mr. WEISS. I think it has been healthy, indeed, for the private sector to be brought into the whole area of endeavor. We made a mistake for too long in not doing that. We want to get the maximum out of our contributions. Otherwise, we are wasting our time and your time.

At the same time, you have to recognize, in the same way CETA started out being a block grant program, becoming a categorical program, you want to be sure you have sufficient screening and monitoring so that 3 years down the pike someone doesn't come along and say, "What a lousy job they are doing. Because two PIC's may have done a lousy job, let's throw the whole thing out."

There is going to be a reluctance, probably, at all levels, including yours, to have a system created, so there seems to be insufficient accountability against, not good people, but against the people who may have been ineffective, incompetent, or corrupt.

Mr. SANTIAGO. I am worried about something that happened in Puerto Rico that will happen also in the whole Nation. We have close to 700,000 people. Out of that, 204,000 to 206,000 worked with the government. At one time, it was 30 percent of the work force of Puerto Rico. That created a very big problem because of overstaffing if you know what I mean. It is not productivity in that sector.

I think that the council could work with companies to really get something out of this instead of Government having the jobs. Yes, they need "*x*" amount of jobs, but also trying to get the private enterprises to really come and help the Government in all these problems. That way I think it is a responsibility not only on the Government's part, but also on private industry to help and to try to pick up some of the problems that we have in our Nation.

Mr. WEISS. I think that is true.

I think it has also been my observation, and probably yours too, that bureaucracy is not restricted only to governmental agencies. We have it, sure, but it exists. The larger the apparatus, public or private sector, the more likely you are going to find some excess.

Mr. DAHM. I would like to say the concept of social versus economic is important from another standpoint. If we were to ask a businessman to become involved in a Government-generated social problem, I think that he has had this opportunity a couple of times in the last 10 or 15 years and it has been an unsatisfactory experience with him. If we came to him with an economically based program, we are going to get his attention much more readily.

If we want to surmount a purely social approach, let's do it separately from our job approach.

Mr. **Weiss**. Let's take what happens in the summer youth employment programs. It may very well be that a lot of the companies, if they looked at it on a strictly economic basis, could conclude they could really do whatever those kids coming in could. Maybe they create more turmoil, more dislocation than they really need, and they could have one dynamite operation in June, July, and August if they went on with their business, not an economic commitment, but a social commitment. They made the judgment in New York and other places across the country that they have an obligation to the kids, the community, and themselves to hire a certain number of them in each of their plants.

They put a lot of kids into jobs. Who's to say? You wouldn't say, in fact, even though that is almost as much of a social as an economic thrust, it is not a perfectly valid thrust.

Mr. **Dahm**. If we come to them with a potential worker or with a person whom we feel we can train to meet their employment needs, let them view it economically. If they want to avail themselves of other programs, let them step forward there, too. If we went in to them and said, "You have to take a little of both," that would be a mistake.

Mr. **Weiss**. The Rockefeller partnership did one hell of a sales job. They were very, very effective in persuading a lot of business in this town to pick up some of the gap.

Mr. **Hannis**. The primary job development in the rest of the State of New York is going to be in plants of less than 20 employees. This says to us, first, the problem Herb talks about, the guy has to look at the economic baseline of his operation to stay afloat.

Second, we must get out and reach those people. Through the private industry council, I think we can accomplish both tasks. We service their needs, helping them to expand and take on more people, and we serve our own needs, that you and I are both interested in job expansion because that is what it is at.

Mr. **Dahm**. A fifteen-employee company very frankly has little or no room for a social experiment. The percentage involved for each employee is crucial for the success of that company. If we get a multinational conglomerate with hundreds of thousands of employees, then indeed there is need for experimentation. We have to recognize most of us not in the inner cities are probably dealing with a large number of smaller companies. I think our legislation must recognize that. That is why I say the economic part of the equation is very important from our standpoint.

Mr. **Hislop**. It really is a social problem we are dealing with. I don't think you can separate it, nor should we give you the impression we don't want to be involved. We are dealing with handicapped and mentally retarded people. They are part of the participant group. It is true most of the people in these programs are placed in small businesses. A small businessman doesn't have room for social problems.

There are many large corporations who will take people, handicapped, et cetera. I don't think we should give the impression we are against that social program.

Mr. SANTIAGO. I would like to say something about what you say, because I am afraid something may happen here. If you give a job to a kid so he could get a job in the summer without producing anything, will he grow up with the idea that that is all he has to do to get in the job for doing nothing?

We should give the money to him, but also teach him there is a responsibility. We are talking about how the Japanese produce three times more than the American people right now. If that is true, why don't we try to ask the people to be more responsible?

Mr. WEISS. The Japanes [illegible] tell the story where they opened a plant in the United States [illegible] they also got three times as much work. It is the relationship [illegible]tween labor and management perhaps, not just Japanese people.

I thank you all for your solid, good testimony. We will be working on this legislation throughout the next few weeks. If you have any additional materials you would like to submit, send it to us within the next 10 legislative days as we will have the record open during that time.

I want to thank all of you for your patience and contribution.

I will ask Ms. Jean Wilkins Dember to speak now. I want to thank her for her cooperation and patience.

STATEMENT OF JEAN WILKINS DEMBER, MEMBER, NEW YORK STATE COMMUNITY ACTION BOARD MEMBERS

Ms. DEMBER. I am disappointed Mr. Hawkins is not here presently. I actually feel, as a community person, that courtesy could have been offered to me.

Mr. WEISS. He will read the statement.

Ms. DEMBER. I was asked to attend this hearing and to alert community people around the State, which I did. I called the New York State Community Action Board Members' alliance office in Albany. They were not aware of it. I called Big Red, which is a black newspaper and called the Amsterdam News. They didn't have it. I called the Economic Opportunity Council for Nassau and Suffolk, and they were not apprised of this hearing either.

I am anxious to reenforce concern that community advisory groups be participants in final decisionmaking when these funds are discussed.

If you notice, an all essentially white male panel could come up and make a presentation for the State of New York, the Virgin Islands, and Puerto Rico. The fact there was a Puerto Rican gentleman and no black from the suburban counties is incredible. As a member of the New York State Community Action Board Members, I am always aware of the disproportionate amounts of blacks unemployed and browns who are incarcerated. They are incarcerated as a result of the fact they cannot get jobs by these very same companies who have discriminated for hundreds of years.

We are talking about a population that came out of slavery, the Puerto Ricans as well as the blacks in this country; what tantamounts to genocide in this country.

I would like to speak more specifically to my experience in going around as a community action board member and then particularly in Suffolk County in which I reside.

As far as the New York State situation is concerned, I mentioned to you the problems of discrimination that employees find wherever they work and that one could say they don't want to pick up social problems which this society and the corporate structure built into our life—they built discrimination into our life. We come into the world having to learn to deal with it.

We did run a program in Suffolk County for hardcore unemployed people to prepare persons to work for the Internal Revenue Service. The NAACP had to sue for the right to bring about some integration of the staff of the Internal Revenue Service. They had to sue in order to get housing in Brookhaven Town so people would be able to live where they worked when a major Federal program came into the area.

We found in that program counseling was critical to those persons because of their severely traumatized life; not that they didn't want to work but that they had experienced police brutality, racial discrimination, pushed out from school, and racial rejection. In fact, we were not even depicted in the textbooks. Can you imagine the little black child learning to read whose picture was not even in the textbook?

You have these young persons beaten by the police, where they were pushed out of school finally and pushed out of a job. According to their experience with white racist society, it is very important. A stipend is critical. This young person is not going to be able to sustain himself in a job training situation.

We had only one person drop out of our hardcore training program because we guaranteed a job at the end. It was come-and-get training for a job that does exist because the IRS is moving here. It was an extremely viable program running for 3 years and then it was defunded.

To observe the work by the Bushwick Family Service Center which was under the el on Broadway, that program ran for 3 years. The director put her own money into it when that program was threatened with defunding. It is now closed. It endeavored to meet the needs of youth in that area as well as the hardcore unemployed.

The WIN program was good at first, when the support moneys for day care and transportation were available. When those moneys were withdrawn, it became less important.

In the community in which I live, which is in North Amityville, which borders on the Nassau County line in Suffolk County, we have found while we had CETA with us we had black employees in our council. When CETA left, the staff turned all white. That is an observable phenomena I experienced myself.

To get specific about Suffolk County, historically Suffolk County has been an underemployer of black and Hispanic persons in any capacity. In my role as a member of the economic opportunity council, attending the meetings all over the State, we had one meeting with planners of counties; they were all white males. How can we bridge the communication gap with people who are systematically not going to dialog with us about real participation.

In the fifties, an organization of black men called BUCK fought Lou Tempera for parity in jobs. The hometown plan now in place for construction has made but small impact on the employment of black people in this field. Whatever is being built on Long Island does not include a fair percentage of blacks.

We are disproportionately represented in the prison population. Our youth are pushed out of school and misrepresented. The police brutality of our young people continues—you would never know that we are not in the midst of the southern KKK belt, where upstate prison guards are allowed to belong to the KKK and the meeting notices of the KKK are published in the newspaper just as if it was a ladies' sewing circle.

I don't know where these gentlemen come from. It is not Paradise Lost.

The black and brown people are especially targeted for terrorism. The CETA program has experienced consistent freezes in Suffolk County which cut the most effective outreach to the first offender and the recently released offender, which program Camille Smith was running. This program was plagued by the freeze and he had to let inmate employees go. Dissatisfaction grew among these employees and they blamed Mr. Smith, and in the long run what happened was he lost even his private funding, which was the Universalist support that was funding him.

Private and public support for this excellent program was discontinued. That was about the only black administrator in Suffolk County.

The local economic opportunity council had great difficulties with management, and the local department of labor under Lou Tempera never fully worked with them to bring employment services up to par. Very few proposals were granted. Through the most strident political fight, we have been able to decentralize social services, but not the department of labor.

Mr. Tempera is under indictment in Suffolk County for alleged kickbacks.

Minorities never have their fair share of administrative or training slots. The labor department offices are far from the black communities and are in remote areas. Transportation is extremely spotty. Civil service tests are held in remote areas, in essentially all-white towns.

Strict review of the Suffolk County employment situation will bear this out. We urge thorough investigation of employment in this county.

Institutions have used all-white staffs and have no sensitivity to poor people. I have watched the way they hold their tests. Civil service does not show significant percentages of nonwhites.

As we have experienced the withdrawal of CETA, we have experienced the withdrawal of jobs in the white-collar sector for black and Hispanic people. In spite of mismanagement, CETA offered the first of many opportunities to crack the offices of local government for nonwhites in this country. Many of these nonwhite persons are out of work. Agencies have become all white in staff again or show only the barest token of employment.

The group making the highest movement is white women and, believe me, they don't relate to our situation. This pertains in the local cable television situation, channel 21. Suffolk County needs severe scrutiny if black and Hispanic workers are going to make it.

We need to be part of the final decisionmaking as part of the community, and we came to our historical position not because we didn't want to work, but because of 250 years of slavery, brutality, lynching, rape, and murder.

Mr. WEISS. Thank you.

I am going to ask by unanimous consent that the opening statement that I made be part of the record.

The Subcommittee on Employment Opportunities stands recessed, adjourned subject to the call of the Chair.

Thank you.

[Whereupon, at 3:40 p.m., the hearing was adjourned.]